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# The American Asiatic Association

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It is neither necessary nor desirable that judgment should be passed here on the questions raised by the correspondence which follows, transmitted by the American Association of China. But some regret must be expressed that any such controversy as is therein indicated should have arisen within the ranks of the association, and that in overruling the views of the minority the association should have reversed its position in regard to a question so closely affecting the influence of the United States Court for China. Up to November last the American Asiatic Association and the American Association of China were in complete accord in working for the separation of the judicial and commercial functions of the United States Consulate General at Shanghai. As far back as 1903 a communication was received here from the American Association of China stating that the precedent of the action of the British Government in China in separating the judicial from the consular functions was one that should be followed, and requesting the committee of this Association to memorialize the Department of State to that effect. The American Asiatic Association took action on this suggestion, and exerted all their influence to carry it into effect. In the *Journal* of the American Association of China for July, 1905, there occurs the following statement: "The matter is one of great importance, and it is to be hoped will be favorably considered at the next Congress, as it is of pressing and paramount necessity for Americans resident in the countries concerned (China and Korea). The splendid record of the British court in China may be referred to as one example of successful extraterritorial jurisdiction." In 1907 a memorial supported by both associations was addressed to the President and Congress of the United States on the need of a more complete body of laws for Americans in China. In that memorial there was incorporated the following declaration: "Experience has demonstrated that it is impossible for the United States Consul General at Shanghai to perform his judicial functions and at the same time discharge in a proper manner his duties as commercial and diplomatic agent of the nation. It is therefore recommended that he be relieved of all judicial authority, and that the same be conferred upon some official of the United States Court for China."

In the absence of any declared reason for changing the attitude of the American Association of China toward this question, it is naturally difficult to explain resolutions 3 and 4, which are elsewhere published. In these it is asked to have the Vice Consul General placed in a position where he can act as a check on the United States Court for China.

Considering that the vice consul is under the Consul General, and acts in his absence, these resolutions are obviously discordant with the view taken in 1907. There is some satisfaction in the reflection that existing subjects of controversy may be tactfully removed by Judge Wilfley's successor. It can be affirmed with some positiveness that Judge Thayer will be the head of the United States Court for China in the fullest sense of the term. He will not transcend the strict limits of his judicial functions, but he will see to it that nobody is permitted to invade them. A man better prepared by ripe legal experience and better fitted by a disposition of equal suavity and firmness to deal with the situation awaiting him at Shanghai could not have been selected. It is equally fortunate that the incoming President of the United States is thoroughly familiar with that situation, even if it should be new to his Secretary of State. But there is no reason to assume that Secretary Knox will abate one jot of the assurance conveyed by Secretary Root in the telegram which he addressed last November to the Consul General: "I am happy to inform you \* \* \* that the court will continue to have the full support of the Government, and the forces of disorder will have no reason to rejoice as a result of the appointment of Judge Thayer, who will succeed the first judge of this important court."

THAT an authority so competent as "R. S. G." should declare in the London *Saturday Review* that reaction has gained, once more, the upper hand in China, is calculated to give pause to more optimistic views of the situation. One ground for encouragement was not, however, known when Mr. Gundry wrote, and that is to be found in the appointment of the successor of Yuan Shih-kai as president of the foreign board. That must be recognized as at least a slight confirmation of the view that the dismissal of Yuan was made on purely personal grounds, and did not at all affect the policy of the Regent toward the cause of reform, or the validity of any of the edicts which had been issued for its furtherance and support. The members of the Special Mission, who were practically Yuan's appointees, left these shores apparently satisfied with the condition of affairs, and much encouraged by the fact that steps had been taken to reinforce their influence with the chancelleries of Europe by the dispatch of other high officials from Peking to meet them there. The efforts of the mission in Europe will be chiefly devoted to securing the consent of the treaty powers who are still holding off to the customs clauses of the treaties made with Great Britain, the United States and Japan. It is manifestly important for China to secure an increase in its revenue at a time when the reform of the currency is of such vital importance, and it is obviously impossible to compound with the provincial authorities for the abolition of likin and other forms of internal taxation on goods in transit, until the Imperial Maritime Customs is able to demand the surtax provided for in the treaties which guarantee the abolition of internal duties. It is extremely probable that the good offices of the United States have been asked to help the mission with its work in Paris, Berlin and St. Petersburg. No objection has found expression here to allowing China

to levy an effective 12½ per cent. on imports, the fact being recognized that the promises of China to bring about reform in its system of finance and of taxation are largely contingent on having this addition to the sources of national revenue.

COMING on the heels of the agreement with Japan, which has elicited so much approving comment throughout the world, the latest difficulty of the Government of the United States in regard to proposed anti-Japanese legislation by California must be regarded as somewhat absurd. The absurdity is not at all lessened by the fact that in March, 1907, the President of the United States sent a telegram to Governor Gillett, of California, having much the same minatory tenor as that of ten days ago. When the San Francisco school question intervened to disturb the relations between the two countries, and when a patched up settlement of that question was effected by humoring the city and State authorities of California in the matter of Japanese immigration, the opinion was expressed in these columns that the anti-Japanese agitators of the Pacific Coast would renew their attack at an early opportunity. As a matter of fact there can be but one way of settling this agitation, once and for all, and that is by having another unequivocal declaration by the Supreme Court of the United States that the stipulations of a treaty are the supreme law of the land, any such legislation as that repeatedly proposed in California to the contrary notwithstanding. The record of the court on this point has been absolutely uniform for more than a hundred years, but it seems impossible to convince a large section of the people of California that antecedent decisions have any bearing on the issues raised by the Japanese and Korean Exclusion League, and by other demagogues who appear to play a very large part in the public life of the Pacific Slope. Compromise is evidently as much out of place in dealing with the case as would be a complete surrender to the demands of the California politicians.

WHILE the export figures for eleven months of the calendar year show merely a slight improvement in the movement of cotton piece goods to China, it is gratifying to note that there has been a very decided improvement in the demand during the last three weeks, and that orders of sufficient magnitude have been placed to warrant the assumption that the business is once more about to resume normal proportions. The figures of total exports for the eleven months are about the same as those for 1907, while the imports to China continue to show a steady decrease. To Japan the exports are less by \$5,000,000 than those of 1907, but of very nearly the same amount as for 1906. Japanese imports hold their own fairly well, showing a total of \$57,227,042, against an export total of \$30,359,380. In some items the volume of imports from Japan, as distinguished from the value, shows a positive increase. In the matter of silk, for example, the imports for the eleven months have been 9,789,955 pounds, as against 7,918,839 pounds in 1907, though the value for the latter year was \$37,749,435, against \$34,860,540 for 1908. So in tea, the amount imported from Japan is about the same this year as it was last, though the value has declined about \$200,000. The imports of Chinese tea show a loss in quantity of 3,000,000 pounds, and in value of \$640,000.

# Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eleven months ending Nov. 30, 1907 and 1908.

## EXPORTS TO CHINA.

Months. 1907.	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
January.....	1,613,462	\$112,456	7,259,261	\$500,088	80,567	\$265,564
February.....	3,556,507	250,293	5,761,237	488,363	115,062	382,467
March.....	4,447,000	295,627	11,670,174	939,393	306,946	1,042,870
April.....	6,346,106	446,784	10,097,174	741,179	253,943	849,248
May.....	4,118,488	291,791	7,751,932	587,927	261,449	880,847
June.....	3,086,840	179,272	8,841,082	763,993	310,987	1,131,203
July.....	3,863,460	272,205	11,456,360	980,855	86,448	310,426
August.....	4,807,901	342,629	2,875,430	239,930	102,862	385,654
September.....	1,859,085	136,873	6,802,922	557,972	41,289	147,457
October.....	1,965,401	141,000	8,978,499	512,315	33,026	123,769
November.....	1,481,290	112,653	2,133,690	232,572	6,291	23,413
Total.....	37,145,540	\$2,581,583	83,473,479	\$6,523,964	1,598,870	\$5,542,918

  

1908.						
January.....	1,558,137	\$117,654	4,130,529	\$290,075	25,991	\$100,328
February.....	1,323,320	86,016	5,557,246	344,315	41,968	164,104
March.....	5,203,069	323,061	15,878,620	1,475,370	112,510	405,197
April.....	7,237,119	407,477	5,743,270	626,554	54,389	192,578
May.....	10,699,661	620,347	16,510,370	1,408,938	12,229	45,578
June.....	8,579,909	509,503	21,600,784	1,719,948	1,929	7,574
July.....	12,875,988	745,822	18,680,160	1,567,131	20,163	73,439
August.....	10,985,762	619,716	12,626,650	955,186	24,260	85,250
September.....	7,582,100	398,796	4,582,180	318,529	1,802	7,278
October.....	3,965,177	200,258	12,018,320	634,119	5,413	20,691
November.....	4,162,550	214,263	2,856,343	257,698	5,217	20,883
Total.....	74,172,792	\$4,242,913	120,184,472	\$9,597,863	305,871	\$1,122,900

## EXPORTS TO HONGKONG.

1907.						
January.....	26,890	\$4,052	250	\$ 100	56,708	\$193,828
February.....	46,467	7,610	1,996,250	205,345	101,949	387,496
March.....	66,397	7,630	115,967	13,243	40,509	147,965
April.....	83,997	11,462	985,871	107,746	67,685	248,296
May.....	28,328	3,217	.....	.....	121,187	443,033
June.....	5,000	1,305	3,319,545	312,423	146,593	526,930
July.....	222,044	30,804	1,500,000	159,750	97,292	355,580
August.....	11,628	2,615	1,775,960	207,984	51,144	205,970
September.....	76,096	10,227	.....	.....	99,184	367,031
October.....	47,261	6,708	.....	.....	56,102	215,526
November.....	39,334	4,344	.....	.....	134,630	503,094
Total.....	653,442	\$89,974	9,551,505	\$987,884	972,983	\$3,594,749

  

1908.						
January.....	33,055	\$6,586	.....	.....	78,140	\$298,671
February.....	16,555	2,691	.....	.....	44,743	171,538
March.....	16,403	2,476	3,389,710	227,055	27,396	105,350
April.....	74,647	10,113	.....	.....	66,290	256,589
May.....	21,282	3,973	2,842,000	312,218	118,505	409,684
June.....	2,000	185	.....	.....	83,898	307,728
July.....	74,730	11,950	750,000	81,750	42,569	162,421
August.....	34,209	3,496	3,621,240	259,387	166,130	654,949
September.....	29,430	4,235	500,000	54,500	79,108	316,641
October.....	17,025	2,259	.....	.....	32,509	127,860
November.....	31,270	4,674	1,655,000	74,675	112,518	436,329
Total.....	350,606	\$52,638	12,757,950	\$1,009,585	851,806	\$3,247,760

DEPARTMENT OF COMMERCE AND LABOR,

WASHINGTON, D. C., December 31, 1908.

Bureau of Statistics.

# Imports of Tea and Silk into the United States for the eleven months ending November 30, 1906, 1907 and 1908.

## TEA.

Imported from	1906		1907.		1908.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	7,778,407	1,663,452	9,252,211	2,151,235	8,348,331	1,913,682
British North America....	2,121,280	507,044	2,219,738	540,476	2,187,317	569,310
Chinese Empire.....	28,444,067	3,734,147	27,793,608	3,780,790	24,766,232	3,144,197
East Indies.....	7,172,363	1,019,029	6,565,392	1,098,643	6,275,720	1,000,289
Japan.....	34,190,306	5,646,768	40,748,718	7,125,648	40,731,715	6,971,347
Other Asia and Oceania ..	627,569	114,051	465,369	74,687	512,749	69,354
Other countries .....	212,801	53,963	272,306	71,351	260,267	100,854
<b>Total.....</b>	<b>80,546,793</b>	<b>12,738,454</b>	<b>87,317,342</b>	<b>14,842,830</b>	<b>83,082,331</b>	<b>13,769,033</b>
<b>RAW, OR AS REELED FROM THE COCOON.</b>						
Imported from	1906		1907.		1908.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	424,237	1,695,322	490,375	2,097,516	414,626	1,352,943
Italy.....	3,324,458	13,559,301	3,112,056	15,480,726	3,317,838	12,549,741
Chinese Empire.....	2,358,605	7,350,700	2,836,655	10,600,186	2,705,908	7,095,631
Japan.....	8,490,769	32,482,781	7,918,839	37,749,435	9,789,955	34,860,540
Other countries .....	92,539	333,542	121,344	533,314	44,453	164,357
<b>Waste.....lbs...free..</b>	<b>1,620,715</b>	<b>831,838</b>	<b>1,713,836</b>	<b>1,153,962</b>	<b>1,008,469</b>	<b>655,811</b>
<b>Total unmanufactured</b>	<b>16,311,323</b>	<b>56,256,557</b>	<b>16,193,105</b>	<b>67,638,989</b>	<b>17,281,249</b>	<b>56,679,112</b>

## SILK.

# THE AMERICAN ASSOCIATION OF CHINA.

The subjoined correspondence and excerpts are self-explanatory:

SHANGHAI, December 10, 1908.

John Foord, Esq., Secretary American Asiatic Association, New York:

DEAR SIR—I beg to enclose herewith a copy of letter, with enclosures, sent by this Association to the Secretary of State.

This bears upon the matter of suitable legislation for Americans in China, and I trust you and your Association will give all the assistance you can in furthering this matter, which is of the greatest moment to all Americans in China and to all Americans doing business with China.

For the committee I have to thank you for the interest taken and work done by you in our behalf during the last session of Congress and trust you will continue to further this matter of legislation by every means you may have at your command. I beg to remain,

Very truly yours,

MURRAY WARNER,  
Chairman of Committee A. A. of China.

Hon. Elihu Root, Secretary of State, Washington, D. C.

SIR—In October, 1907, the American Association of China forwarded a memorial addressed to the President and Congress of the United States on the need of a more complete body of laws for Americans in China, and of an American Federal building in Shanghai.

That the needs expressed in that memorial are as urgent now as they were a year ago is evident, but through the delay that has taken place in securing enactment of suitable legislation, there has arisen opportunity for Americans in China to examine and discuss a few features of general concern contained in the bills introduced in the last session of Congress.

It is confidently believed that you will welcome any information that can be given in making clear what the majority of worthy Americans in China really desire, what suggestions they most respectfully offer, and what reasons underlie their convictions.

When copies of bills, House of Representatives, numbers 17142 and 21922 and Senate number 6859, bearing on the Judiciary, reached us in China, there came to be a growing conviction that two or three points needed careful reconsideration, and should, if possible, be properly modified before presentation to Congress for final enactment.

The committee of this association decided that the greatest help they could render, would be to collect and summarize the views of respectable Americans in all parts of China, irrespective of membership in this association, relative to the proposed legislation.

A sub-committee was appointed to undertake this work and, in answer to the circular sent out, the percentage of replies was large, showing the widespread interest taken in the questions.

A copy of the report is transmitted with this letter, as a completed summary of the views of Americans in China.

To allow still further opportunity for free discussion, the wishes of Americans, as made known in the report of the sub-committee, were embodied in four resolutions, and considered at a special general meeting of the American Association of China, at which were present eighty members.

These resolutions were proposed by a former president of the association and were seconded by another former president, and were carried by a large majority, there being less than ten dissenting votes.

A copy of these resolutions is enclosed herewith for your information.

With regard to these resolutions, a word of comment may be made.

It is plainly the wish of the large body of reputable Americans in China that there be adopted into the United States Court for China a modified system of trial by jury, conserving to them, however, the privilege of dispensing with a jury when both parties to an action so desire, or when in criminal cases the defendant so desires.

The argument is, that it is not for the judge of the court to insist on the form of trial that he may prefer, but that the preference of the parties to the suit should be respected as to whether the case be tried with or without a jury.

Concerning the form of the proviso for trial by jury in the United States Court for China, suggestions are made with hesitation, but one point, perhaps, should be made clear and that is concerning those who may be exempted from jury service.

A different rule should apply here from that followed in the Federal and State courts of the United States.

With the exception of officers of the United States Government, and those engaged in the practice of law, and medical practitioners in foreign settlements with practice among the foreign community, probably none should be exempt.

Ministers of the Gospel, teachers, doctors in mission hospitals, and such others as are engaged in mission work, would, in nearly every case, be willing to serve as jurors, and could, doubtless, easily arrange for absence from their occupations to serve as jurors.

Concerning the number needed for a verdict, the suggestion of a member of the American Bar in Shanghai seems worthy of consideration, namely, "in civil cases, four of the jury (the jury consisting of five) might be permitted to secure a verdict."

Concerning the formation of a list of persons to serve as jurors, the method of selection of assessors, suggested in Bill H. R. No. 21922, page 6, lines 10-20, would be equally applicable for jurors, the drawing of a jury for each action being as it is in all United States courts.

Emphasis is to be placed on the words in the resolution, "sole judges of the facts," and the findings of such a jury should be final as to facts, and the judge should have no greater authority to set aside the findings of a jury than has a judge of a Federal court in the United States.

It has been suggested that to establish a jury of the American type would be a great strain on the community of Shanghai, and impossible elsewhere, but a canvass of the Americans in China has proved conclusively that this is not necessarily so, and it is found that there would be no difficulty in securing juries at any place in China where the United States court might sit.

Have the juries constituted of five instead of twelve men, then there would be absolutely no strain on any community in China.

It is to be remembered that the difficulties in securing a jury in a criminal trial in the United States do not hold here in China, as we have no sensational press, and the first knowledge the public has of a criminal case is after the details come out in the evidence during the trial and are published in the daily press.

Concerning resolution No. 3, bearing on the preliminary investigation of crime, it is to be noted that, as matters now stand, there is no method by which the district attorney can obtain evidence against suspected persons except it be furnished by the police or volunteered by some individual. This renders it difficult for the district at-

torney in some instances to carry out the duties of his office, unless he swears to a complaint on meagre or hearsay evidence and trusts to securing his evidence from witnesses during the trial. In order to facilitate the workings of his office it is necessary that some means be provided for the secret investigation of crime, in lieu of a grand jury, and the method outlined in the resolution is respectfully recommended.

Referring to the last resolution (No. 4), bearing on jurisdiction of the consular court at Shanghai: According to the bill H. R. No. 17142, the consul general was to be relieved of all judicial authority and that authority was to be conferred upon some official for the United States court for China. That there is real and urgent need that the consul general at Shanghai be relieved of all judicial functions is patent, but it is the general opinion, based on careful consideration and investigation, that, owing to the unusual conditions existing in Shanghai, with its great number of extraterritorial courts and jurisdictions, it is essential to the smooth working of a lower or primary court that it remain and be under the advisory control of the Department of State, and instead of the judicial authority now held by the consul general being conferred upon an official of the United States court for China, it be conferred upon the vice consul general at Shanghai.

I beg leave to enclose a report of the meeting of the association, held November 24, 1908, and under separate cover to send a copy of the association's memorial of last year, with suggestions of proposed amendments marked in the margins.

In conclusion it is my duty to reiterate the hope of Americans in China, that Congress, in its wisdom, will at no distant date determine a code of laws for the United States court for China, and approve an appropriation for the much needed Federal building in Shanghai. I have the honor to be, sir,

Your most obedient servant,

MURRAY WARNER,

President, American Association of China.

SHANGHAI, China, December 1, 1908.

The resolutions adopted at the meeting of the association, held on November 24, 1908, are as follows:

**RESOLUTION No. 1.**—Resolved that the American Association of China, convened at special meeting, does hereby express thanks and appreciation for the interest manifested by the Department of State and by Congress in considering and forwarding suitable legislation for the United States Court for China; and does petition them to continue their efforts until suitable legislation is enacted.

**RESOLUTION No. 2.**—Whereas the right of trial by jury is one granted to American citizens under the Constitution of the United States; and

Whereas of such Americans in China as have made known their wishes, in response to a printed circular, nearly 80 per cent have expressed preference for a jury trial, or something similar thereto as other than a trial by one man;

Therefore, be it resolved that we ask that such provision be made in future legislation as will secure to Americans, in both civil and criminal cases, the option of being tried with or without a jury of, say, five, who shall be the sole judges of the facts in each case.

**RESOLUTION No. 3.**—Whereas, the power vested in a grand jury for the courts of the United States should be vested, for the just treatment of Americans in China, in some United States officer;

Therefore, Be it resolved that we request that the magistrate of the consular court in each consular district, in conducting a private investigation of crime, shall have power to subpoena witnesses, administer oaths, and that said officer, with the district attorney, shall examine the witnesses and determine whether a *prima facie* case of

guilt has been established upon the evidence before a bill of information can be filed by the district attorney.

**RESOLUTION No. 4.**—Resolved, that it is the opinion of the American Association of China that the consul-general of the United States at Shanghai shall be relieved of all judicial duties, and that the vice-consul-general or some other officer of this consulate-general shall perform the judicial duties now devolving upon the consul-general under the law.

The following resolutions were introduced at the special meeting of the American Association of China, November 24, as a substitute for the resolutions introduced by the committee:

Whereas, the association in November of last year addressed to the President and Congress of the United States a memorial "on the need of a more complete body of laws for Americans in China, and an American Federal building in Shanghai," and supported the memorial by a memorandum upon the needs of the judiciary and consular service in China; and

Whereas, no action thereon was taken at the last session of Congress, and consequently the situation remains unchanged, to the detriment of the efficiency of the public service and the interests of Americans resident in China:

Resolved, (I) That this association transmit a further memorial to the President and Congress of the United States, reiterating the views previously expressed, and emphasizing the necessity for the adoption and promulgation of a code of laws for the guidance of the United States Court for China, and the provision by appropriation of funds for the purchase of land and the erection of buildings for governmental purposes at Shanghai.

(II) That, with a view to fully acquainting the authorities at Washington with the situation, the issue of the illustrated journal of the association, Volume II, No. 5, or so much thereof as is cognate to the subject, be reprinted, and that a copy thereof, together with a copy of these resolutions and of the memorial referred to in resolution I, be transmitted to the President, to the secretaries of each department and to every member of the Senate and the House of Representatives.

These resolutions were supported by the following remarks from Mr. J. F. Seaman and Dr. Hawks Pott:

Mr. Seaman read the reply which he transmitted last September to the circular of the sub-committee, in which he recommended, in the event of another memorial being sent to the authorities, that it take the form of a re-affirmation of the association's view as previously expressed. A new memorial in any other sense would seriously discredit, if not stultify, the association in the eyes of the Washington authorities and tend to weaken, if not destroy, the good impression already made. They could not do better than reiterate the views so fully and cogently expressed in their memorial of 1907. The object now should be to crystallize the sentiment then aroused, in the hope of stimulating a new interest in the situation here and inducing action on their behalf. Their last memorial became the act of the whole association. If those who were new to the position taken by the association would examine the programme then submitted they would agree that it would be the height of folly to adopt a course derogatory to the position they then assumed. Mr. Seaman then read extracts from the association's journal of November last on trial by jury and criminal law. Those extracts he said were a most temperate statement of the opinion they arrived at last year, and which they offered for consideration of the Washington authorities. They only expressed, on the ground of expediency, a preference for trial by assessors rather than by jury, inasmuch as the latter would entail "a severe strain on the community in Shanghai and be impossible elsewhere." He therefore solicited adherence to their former presentation of the question. But he emphatically demurred at the misleading implication conveyed in the phraseology of the present resolution for preference

for a jury trial or something similar thereto, as "other than a trial by one man." He had not heard of any individual favoring trial by one man. On the contrary it was to terminate the present unsatisfactory condition due to the want of a code of laws for the guidance of the court, that they should unite in presenting their needs as consistently, harmoniously and forcibly as possible at Washington. A different presentation than their former one would only confuse the issue, delay settlement and stultify them in the eyes of the authorities as not knowing their own minds. Referring to resolution No. 4, Mr. Seaman said that in the absence of an assistant judge, whose appointment they recommended, such minor judicial duties might with propriety devolve upon the clerk of the court as in the case of the British system, where the registrar tried such actions. The transfer to a subordinate officer of the consulate having no legal experience would be fatally at variance with the purport of their recommendation to relieve the consul-general of all judicial functions, in order that he might be free to discharge, in a proper manner, his duties as commercial and diplomatic agent of the nation (applause).

Dr. Hawks Pott also spoke in favor of the substitute motion and expressed the opinion that they were all agreed on one matter, and that was that all of them believed thoroughly in a man being tried by his peers in a trial by assessors or by a jury who should have the finding as to the facts. They were not arguing as to the question of the assessors or jury having the power of deciding as to the facts or leaving it entirely in the hands of the judge. They had brought forward the memorial because it really covered the ground much better than the resolutions of the committee. In the resolution they argued for five jurors or they might call them assessors. In the memorial, they asked for a small number of assessors—an assistant judge and one or two assessors. He contended that it was better for them to ask for nothing more than two assessors who would have the power of finding as to the facts, and he proceeded to explain how assessors had been tried in Shanghai in the consular courts and had worked well. In support of this he quoted the opinion of their consul-general. It might be possible to get five jurors in Shanghai, but would it be possible in the outports? It seemed to him that by putting five jurors as the minimum they were placing a great burden on a small community of Americans, and asserted that with exceptions there would not be more than ninety men available. As at home, in a jury system in China there would require to be a unanimous decision, while with assessors they could always have a majority finding. The speaker then went on to mention how the memorial stood for an entire distinction between the consular service and United States Court for China, and in support of this he stated that the consul-general had found it a considerable tax on his time, and it placed him in a very difficult position. He ought to be one who should befriend every American citizen, to whom every American citizen could come for counsel and advice, and it was rather difficult to give a man advice one day and the very next to sit in judgment upon him. The resolution in regard to the district attorney brought in again the same difficulty with the consular department. If they thought that there was a danger of too much power being placed in the hands of the district attorney, if they thought that there should be some check upon his power to subpoena witnesses, to put them on oath and to obtain evidence before filing a complaint, that could be remedied very easily by it being done in the presence of some consular official. But the present resolution had turned the whole thing around, and had made the consular officer or consular magistrate the active party in obtaining evidence, and the district attorney very much in the nature of a witness. It seemed to him that they should adopt the substitute motion and reiterate their memorial.

## REMISSION OF A PORTION OF THE CHINESE INDEMNITY.

Message from the President of the United States, transmitting copy of an executive order signed on the 28th day of December, 1908, in execution of the joint resolution of May 25, 1908, "To provide for the remission of a portion of the Chinese indemnity," etc.

January 4, 1909.—Read; referred to the Committee on Foreign Affairs and ordered to be printed.

*To the Senate and House of Representatives:*

I transmit herewith for the information of Congress a copy of an executive order signed by me on the 28th day of December, 1908, in execution of the joint resolution of May 25, 1908, "To provide for the remission of a portion of the Chinese indemnity," together with a letter from the Secretary of State and various documents explanatory thereof and explanatory also of a plan for the education of Chinese students in the United States, to which the Government of China proposes to devote a large part of the remitted indemnity. Copies of these papers have also been transmitted to the Commissioner of Education of the United States with instructions to aid in all appropriate ways within his power in the carrying out of the plans of the Chinese Government for the education of students in America.

THEODORE ROOSEVELT.

The White House, January 4, 1909.

*The President:*

I send to you herewith for your signature, if it meets your approval, a draft of an executive order in execution of the joint resolution of Congress "To provide for the remission of a portion of the Chinese indemnity," approved May 25, 1908.

The resolution provides that "the remission shall be at such times and in such manner as the President shall deem just."

The plan embodied in this order provides for annual remissions as the payments under the original indemnity bond become due, beginning with the remission of \$483,094.90 in the year 1909, and gradually increasing as the payments under the original bond increase until the remission becomes \$1,383,785.36 in the year 1940. The draft has been submitted to Mr. Tang Shao Yi, the special ambassador of China, and meets his approval.

I send also the following explanatory papers:

1. A copy of a letter from the State Department to the Chinese minister at Washington, dated June 15, 1907, announcing the purpose of the President to ask Congress for authority to remit a portion of the indemnity, and explaining the basis of the proposed remission.

2. An extract from the President's annual message to Congress of December 3, 1907, asking for such authority, and also including the paragraph of the message relating to the education of Chinese students in the United States.

3. A copy of the joint resolution of May 25, 1908.

4. A copy of a letter dated July 11, 1908, from the American minister in China to the president of the board of foreign affairs of China announcing the action of Congress.

5. The translation of a letter from the president of the board of foreign affairs of China to the American minister, dated July 14, 1908, and a supplemental letter of the same date signed by the members of the board of foreign affairs announcing the purpose of the Chinese Government to send and maintain for education in the United States Chinese students, 100 each year for four years, until the number in America amounts to 400, and thereafter a minimum of 50 each year, proposing to confer with the American minister regarding the plan and asking the assistance of the American Government in carrying out the plan.

6. A copy of a cable dispatch from the State Department to the American minister in China, dated August 3, 1908, in response to the minister's cable communication of the substance of the above-mentioned letters from the foreign office.

7. The translation of a draft of proposed regulations for the students to be sent to America to be supported out of the indemnity fund remitted by the United States, submitted by the foreign office of China to the American minister. The minister has been authorized by the State Department to approve this draft and he reports that he has done so with some slight amendments.

I respectfully suggest that a copy of the executive order be transmitted to the Treasury Department with instructions to comply with the provisions thereof regarding the remission of indemnity, that a copy of all these papers be transmitted to the Commissioner of Education of the United States with instructions to aid in all appropriate ways within his power in the carrying out of the plan of the Chinese Government for the education of students in America, and that a copy be laid before Congress for its information.

Respectfully submitted,

ELIHU ROOT.

Department of State,

WASHINGTON, December 28, 1908.

EXECUTIVE ORDER.

Pursuant to the authority of the joint resolution of Congress to provide for the remission of a portion of the Chinese indemnity, approved May 25, 1908, I hereby consent to a modification of the bond for \$24,440,778.81, dated December 15th, 1906, received from China pursuant to the protocol of September 7, 1901, for indemnity against losses and expenses incurred by reason of the so-called Boxer disturbances in China during the year 1900, so that the total payment to be made by China under the said bond shall be limited to the sum of \$13,655,492.69 and interest at the stipulated rate of four per centum per annum, and that the remainder of the indemnity to which the United States is entitled under the said protocol and bond be re-



mitted as an act of friendship, such payment and remission to be made at the time and in the manner herein-after provided, which I deem to be just, that is to say:

In accordance with the plan of amortization annexed to the original indemnity bond, the amounts payable hereafter by China to the United States would be as set forth in the schedule annexed hereto marked "Schedule A," and identified by the signature of the Secretary of State.

I have caused an account to be made by the Treasury Department in which the payments already made under the original bond are credited as against a debt of \$13,655,492.69, with interest at four per centum per annum beginning July 1, 1901, in lieu of the original sum specified in the bond, and I find that after such credits, and including in such credits the sum of \$85,223.04, which it is assumed will be paid on the 1st of January, 1909, there will remain on that day to be paid and retained by the United States, in satisfaction of the sum of \$13,655,492.69 and interest thereon, the sum of \$9,644,367.60.

It also appears by the said new account that the payment to and retention by the United States of the sums specified in the paper hereto attached, marked "Schedule B," and identified by the signature of the Secretary of State, will satisfy the principal and interest of the said sum of \$9,644,367.60 by the end of the period contemplated in the original plan of amortization. And I direct that after the said 1st day of January, 1909, from the several payments made under the said bond of December 15, 1906, in accordance with "Schedule A," there be retained and paid into the Treasury of the United States only the sums specified in "Schedule B," and that the remainder of the said several payments so made by China in accordance with "Schedule A" over and above the sums specified by "Schedule B" be returned by endorsing back the drafts therefor, or otherwise, and thus remitted to the Government of China. The sums to be so returned in each year will be as stated in the paper hereto attached marked "Schedule C," identified by the signature of the Secretary of State.

The provision contained in the original bond for an adjustment of interest because payments are made monthly instead of semi-annually will continue to be applicable to the payments of the sums specified in "Schedule B."

In witness whereof, I have caused the seal of the United States to be hereunto affixed.

Done at Washington, this twenty-eighth day of December, one thousand nine hundred and eight.

(Seal of the United States.)

THEODORE ROOSEVELT.

By the President:

ELIHU ROOT, Secretary of State.

Schedule A referred to in the executive order of the President dated December 28, 1908.

ELIHU ROOT, Secretary of State.

#### SCHEDULE A.

Year	Amount due yearly, payable half yearly	Monthly installments	Year	Amount due yearly, payable half yearly	Monthly installments
1909.....	\$1,022,683.06	\$ 85,223.64	1925.....	\$1,329,784.75	\$110,815.40
1910.....	1,022,683.06	85,223.64	1926.....	1,329,784.75	110,815.40
1911.....	1,080,787.54	90,065.63	1927.....	1,329,784.75	110,815.40
1912.....	1,080,787.54	90,065.63	1928.....	1,329,784.75	110,815.40
1913.....	1,080,787.53	90,065.63	1929.....	1,329,784.75	110,815.40
1914.....	1,080,787.53	90,065.63	1930.....	1,329,784.75	110,815.40
1915.....	1,264,582.18	105,381.85	1931.....	1,329,784.75	110,815.40
1916.....	1,329,784.76	110,815.40	1932.....	1,919,967.11	159,997.26
1917.....	1,329,784.76	110,815.40	1933.....	1,919,967.10	159,997.26
1918.....	1,329,784.76	110,815.40	1934.....	1,919,967.10	159,997.26
1919.....	1,329,784.75	110,815.40	1935.....	1,919,967.11	159,997.26
1920.....	1,329,784.76	110,815.40	1936.....	1,919,967.09	159,997.26
1921.....	1,329,784.75	110,815.40	1937.....	1,919,967.09	159,997.26
1922.....	1,329,784.75	110,815.40	1938.....	1,919,967.11	159,997.26
1923.....	1,329,784.75	110,815.40	1939.....	1,919,967.10	159,997.26
1924.....	1,329,784.76	110,815.40	1940.....	1,923,374.13	160,281.18

Schedule B referred to in the executive order of the President dated December 28, 1908.

ELIHU ROOT, Secretary of State.

#### SCHEDULE B.

Year	Principal to be retained	Interest to be retained	Total payment to be retained
1909.....	\$163,814.06	\$365,774.70	\$529,588.76
1910.....	169,966.62	379,682.14	549,648.76
1911.....	166,365.29	373,283.47	539,648.76
1912.....	173,019.90	365,588.86	538,608.76
1913.....	179,940.70	369,648.06	549,588.76
1914.....	187,188.32	369,450.44	556,638.76
1915.....	194,633.96	344,964.90	539,598.76
1916.....	202,408.81	327,179.95	529,588.76
1917.....	210,605.16	320,088.60	530,693.76
1918.....	218,935.37	320,088.39	539,023.76
1919.....	227,682.38	311,906.38	539,588.76
1920.....	236,789.68	303,799.08	540,588.76
1921.....	246,361.27	303,837.49	550,198.76
1922.....	256,111.72	303,477.04	559,588.76
1923.....	266,356.19	303,283.57	569,639.76
1924.....	277,010.44	303,078.28	580,088.76
1925.....	288,090.85	301,497.91	589,588.76
1926.....	299,614.49	299,974.37	599,588.76
1927.....	311,599.07	287,999.69	599,588.76
1928.....	324,063.08	215,535.73	539,588.76
1929.....	337,025.56	202,563.90	539,588.76
1930.....	350,506.57	189,089.19	539,588.76
1931.....	364,536.84	175,061.92	539,588.76
1932.....	379,107.92	160,480.84	539,588.76
1933.....	394,272.32	145,816.54	539,588.76
1934.....	410,043.11	130,545.65	539,588.76
1935.....	426,444.84	118,143.92	539,588.76
1936.....	443,502.64	98,086.12	539,588.76
1937.....	461,242.74	78,845.08	539,588.76
1938.....	479,692.45	59,893.31	539,588.76
1939.....	498,880.14	40,708.62	539,588.76
1940.....	518,835.36	20,753.40	539,588.76

Schedule C, referred to in the executive order of the President, dated December 28, 1908.

ELIHU ROOT, Secretary of State.

#### SCHEDULE C.

Year	Amount remitted yearly	Year	Amount remitted yearly
1909.....	\$483,094.90	1925.....	\$ 790,196.99
1910.....	483,094.90	1926.....	790,196.00
1911.....	541,198.78	1927.....	790,196.99
1912.....	541,198.78	1928.....	790,196.00
1913.....	541,198.78	1929.....	790,196.99
1914.....	541,198.78	1930.....	790,196.00
1915.....	794,998.42	1931.....	790,196.99
1916.....	790,196.00	1932.....	1,380,378.35
1917.....	790,196.00	1933.....	1,380,378.34
1918.....	790,196.00	1934.....	1,380,378.35
1919.....	790,196.99	1935.....	1,380,378.35
1920.....	790,196.00	1936.....	1,380,378.48
1921.....	790,196.99	1937.....	1,380,378.48
1922.....	790,196.99	1938.....	1,380,378.35
1923.....	790,196.99	1939.....	1,380,378.34
1924.....	790,196.00	1940.....	1,380,378.36

The Secretary of State to the Chinese Minister, Chentung Liang Cheng.

No. —

Department of State,

WASHINGTON, June 15, 1907.

SIR: After the rescue of the foreign legations in Peking during the Boxer troubles of 1900, the note of the Powers to China prescribing the conditions upon which the occupation of Peking and the Province of Chihli would be ended, dated December 22, 1900, required in its sixth article the payment of "equitable indemnities for governments, societies, companies, and private individuals, as well as for Chinese who have suffered during the late events in person or in property in consequence of their being in the service of foreigners."

The final protocol under which the troops were withdrawn, signed at Peking September 7, 1901, fixed the amount of this indemnity at 450,000,000 haikwan taels, equivalent in round numbers to \$333,000,000 United States gold. China agreed to pay this sum, with interest at 4 per cent per annum, by installments running through a period of thirty-nine years.

The share of this indemnity allotted to the United States was \$24,440,778.81, and on account of the principal and interest of that sum China has paid to the United States, down to and including the 1st day of June, 1907, the sum of \$6,010,931.91.

It was from the first the intention of this Government, at the proper time, when all claims should have been presented and all expenses should have been ascertained as fully as possible, to revise the estimate and account against which these payments were to be made, and as a proof of sincere friendship for China, to voluntarily release that country from its legal liability for all payments in excess of the sum which should prove to be necessary for actual indemnity to the United States and its citizens.

Such a revision has now been made by the different executive departments concerned, and I am authorized by the President to say that, in pursuance of that revision, at the next session of the Congress he will ask for authority to re-form the agreement with China under which the indemnity is fixed, by remitting and canceling the obligation of China for the payment of all that part of the stipulated indemnity which is in excess of the sum of \$11,655,492.69, and interest at the stipulated rate.

Accept, etc.,

ELIHU ROOT.

EXTRACT FROM PRESIDENT'S ANNUAL MESSAGE OF  
DECEMBER 3, 1907.

I ask for authority to re-form the agreement with China under which the indemnity of 1900 was fixed, by remitting and canceling the obligation of China for the payment of all that part of the stipulated indemnity which is in excess of the sum of \$11,655,492.69 and interest at 4 per cent. After the rescue of the foreign legations in Peking during the Boxer troubles in 1900, the Powers required from China the payment of equitable indemnities to the several nations, and the final protocol under which the troops were withdrawn, signed at Peking, September 7, 1901, fixed the amount of this indemnity allotted to the United States at over \$20,000,000, and China paid, up to and including the 1st day of June last, a little over \$6,000,000. It was the first intention of this Government, at the proper time, when all claims had been presented and all expenses ascertained as fully as possible, to revise the estimates and account, and as a proof of sincere friendship for China voluntarily to release that country from its legal liability from all payment in excess of the sum which should prove to be necessary for actual indemnity to the United States and its citizens.

This nation should help in every practical way in the education of the Chinese people, so that the vast and populous Empire of China may gradually adapt itself to modern conditions. One way of doing this is by promoting the coming of Chinese students to this country and making it attractive to them to take courses at our universities and higher educational institutions. Our educators should, so far as possible, take concerted action toward this end.

[PUBLIC RESOLUTION—No. 29.]

[S. R. 23.]

Joint Resolution To provide for the remission of a portion of the Chinese indemnity.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That

the President is hereby authorized to consent to a modification of the bond for twenty-four million four hundred and forty thousand seven hundred and seventy-eight dollars and eighty-one cents, dated December fifteenth, nineteen hundred and six, received from China pursuant to the protocol of September seventh, nineteen hundred and one, for indemnity against losses and expenses incurred by reason of the so-called Boxer disturbances in China during the year nineteen hundred, so that the total payment to be made by China under the said bond shall be limited to the sum of thirteen million six hundred and fifty-five thousand four hundred and ninety-two dollars and sixty-nine cents and interest at the stipulated rate of four per centum per annum, and that the remainder of the indemnity to which the United States is entitled under the said protocol and bond may be remitted as an act of friendship, such payments and remission to be at such times and in such manner as the President shall deem just: Provided, That within one year from the passage of this resolution any person whose claim upon the Chinese indemnity, nineteen hundred, was presented to the United States commissioners or to the Department of State and disallowed in whole or in part may present the same by petition to the Court of Claims, which court is hereby invested with jurisdiction to hear and adjudicate such claim, without appeal, and to render such judgments de novo, or in addition to any allowance or allowances heretofore made, as, in each case shall be fully and substantially compensatory for actual losses and expenses of the claimant caused by the anti-foreign disturbances in China during the year nineteen hundred, excluding merely speculative claims or elements of damage: And provided also, That the sum of two million dollars be reserved from the Chinese indemnity, nineteen hundred, for the payment of such judgments, the same to be paid by the Treasurer of the United States as and when they shall be certified to the Secretary of the Treasury by the said court, and any balance remaining after all such claims have been adjudicated and paid shall be returned to the Chinese Government in such manner as the Secretary of State shall decide, and the Secretary of the Treasury is hereby authorized and directed to so return the same: And provided further, That all evidence furnished by the claimants, and statements made by them to the said commissioners or to the Department of State, shall be transmitted by the said department to the said Court of Claims and considered together with such other additional testimony as may be presented by either side, and the Government of the United States shall defend the said claims in the said court by such attorney or attorneys as may be designated for such service by the Attorney-General of the United States: Provided further, That in no case shall the Court of Claims award a principal sum to any claimant which, together with the principal sums said claimant may have already received by decision of the United States commissioners and the Department of State, shall exceed the amount originally claimed by said claimant.

Approved, May 25, 1908.

MR. ROCKHILL TO PRINCE CH'ING.

AMERICAN LEGATION.

PEKING, China, July 11, 1908.

YOUR HIGHNESS: It is with great satisfaction that I have the honor to inform your highness, under direction of the Secretary of State of the United States, that a bill has passed the Congress of the United States authorizing the President to modify the indemnity bond given the United States by China under the provisions of Article VI of the final protocol of September 7, 1901, from \$24,440,000 United States gold currency, to \$13,655,492.29, with interest at 4 per cent. per annum. Of this amount \$2,000,000 are held pending the result of hearings on private claims presented to the Court of Claims of the United

States within one year. Any balance remaining after such adjudication is also to be returned to the Chinese Government in such manner as the Secretary of State shall decide.

The President is further authorized under the bill to remit to China the remainder of the indemnity as an act of friendship, such payments and remissions to be made at such times and in such manner as he may deem just.

I am also directed by the Secretary of State to request the Imperial Government kindly to favor him with its views as to the time and manner of the remissions.

Trusting that your imperial highness will favor me with an early reply to communicate to my Government, I avail myself of this occasion to renew to your highness the assurance of my highest consideration.

W. W. ROCKHILL.

PRINCE CH'ING TO MR. ROCKHILL.

[Translation.]

JULY 14, 1908.

YOUR EXCELLENCY: I have the honor to acknowledge the receipt of your dispatch of July 11, informing me that you have been directed by the Secretary of State to notify me that a bill has passed the Congress of the United States authorizing the President to modify the indemnity bond given the United States by China under the provision of Article VI of the final protocol of September 7, 1901, from \$24,440,000 United States gold currency to \$13,655,492.29 with interest at 4 per cent per annum. Of this amount \$2,000,000 are held pending the result of hearings on private claims presented to the Court of Claims of the United States within one year. Any balance remaining after such adjudication is also to be returned to the Chinese Government in such manner as the Secretary of State shall decide. The President is further authorized under the bill to remit to China the remainder of the indemnity as an act of friendship, such payments to be made at such times and in such a manner as he may deem just. As directed by the Secretary of State, your excellency requests the Imperial Government kindly to favor him with its views as to the time and manner of the remissions and asks an early reply to communicate to your excellency's Government.

On reading this dispatch I was profoundly impressed with the justice and great friendliness of the American Government, and wish to express our sincerest thanks.

Concerning the time and manner of the return to China of the amounts to be remitted, the Imperial Government has no wishes to express in the matter. It relies implicitly on the friendly intentions of the United States Government and is convinced that it will adopt such measures as are best calculated to attain the end it has in view.

The Imperial Government, wishing to give expression to the high value it places on the friendship of the United States, finds in its present action a favorable opportunity for doing so. Mindful of the desire recently expressed by the President of the United States to promote the coming of Chinese students to the United States to take courses in the schools and higher educational institutions of the country, and convinced by the happy results of past experience of the great value to China of education in American schools, the Imperial Government has the honor to state that it is its intention to send henceforth yearly to the United States a considerable number of students there to receive their education. The board of foreign affairs will confer with the American minister in Peking concerning the elaboration of plans for the carrying out of the intention of the Imperial Government.

A necessary dispatch. [Seal of the Wai Wu Pu.]

SUPPLEMENTAL LETTER FROM CHINESE FOREIGN OFFICE.

JULY 14, 1908.

To His Excellency W. W. Rockhill,  
American Minister, Peking:

Referring to the dispatch just sent to your excellency,

regarding sending students to America, it has now been determined that from the year when the return of the indemnity begins 100 students shall be sent to America every year for four years, so that 400 students may be in America by the fourth year. From the fifth year and throughout the period of the indemnity payments a minimum of 50 students will be sent each year.

As the number of students will be very great there will be difficulty in making suitable arrangements for them. Therefore, in the matter of choosing them, as well as in the matter of providing suitable homes for them in America and selecting the schools which they are to enter, we hope to have your advice and assistance. The details of our scheme will have to be elaborated later, but we take this occasion to state the general features of our plan, and ask you to inform the American Government of it. We sincerely hope that the American Government will render us assistance in the matter.

Wishing you all prosperity,

Prince of Ch'ing, YUAN SHIH-K'AL  
NA T'UNG.  
LIEN FANG.  
LIANG TUN-YEN.

[Telegram.]

DEPARTMENT OF STATE,  
WASHINGTON, August 3, 1908.

Rockhill, Peking:

Your July 15. The Government of the United States has experienced great satisfaction in the expression of the Imperial Government of China concerning the act of Congress authorizing the remission of indemnity, and it is especially gratified by the intention of the Imperial Government of China in regard to the sending of students to the United States each year from the year in which the remission begins. In this intention the Government of the United States finds a renewed expression of the confidence and friendship of the Government of China, which it prizes very highly.

The State Department has called upon the Treasury for a recalculation of the indemnity payments on a basis which will at once accord with the intent of the act of Congress authorizing a remission and with the intentions of the Imperial Government of China in regard to the sending of students to the United States. Upon the coming in of this calculation it will be transmitted to you to form the basis for the elaboration of the general scheme in regard to which the Chinese Government has consulted you.

Root.

#### PROPOSED REGULATIONS FOR THE STUDENTS TO BE SENT TO AMERICA.

##### I. GENERAL STATEMENT.

The students to be sent to America are to be supported out of the indemnity fund remitted by the United States. It is proposed to memorialize the Throne fixing the number of students to be sent abroad, with a statement of the general arrangements made for them, and at the same time to notify the American minister.

The board of foreign affairs will be responsible for the establishment of the training schools and the appointment of the superintendent of students.

The board of education will be responsible for the examination of the students after their graduation, as the board of foreign affairs may invite the board of education.

The officials appointed by the board of foreign affairs and the American legation shall be jointly responsible for the selection of the students who are to be sent to America, and for their distribution in American educational institutions.

##### II. THE GENERAL PURPOSE.

The aim in sending students abroad at this time is to

obtain results in solid learning. Eighty per cent. of those sent will specialize in industrial arts, agriculture, mechanical engineering, mining, physics, and chemistry, railway engineering, architecture, banking, railway administration, and similar branches, and 20 per cent will specialize in law and science of government.

### III. QUALIFICATION OF STUDENTS.

The requirements will be—

- (a) General intelligence.
- (b) Good character.
- (c) Good health.
- (d) Respectable social position.
- (e) Suitable age.
- (f) Knowledge of Chinese sufficient to write an essay of several hundred characters.
- (g) General knowledge of Chinese classical literature and history.
- (h) Knowledge of English sufficient to enable the student to enter an American university or technical school.
- (i) The completion of a preparatory course in general studies.

### IV. THE METHOD OF NOMINATION OF CANDIDATES.

The board of education will choose the most promising students from all the schools and present them for examination. The board of foreign affairs will also call for applications. Students of both these classes must be fully up to the required standard or they will not be accepted as candidates. (Detailed regulations will be drawn up later.)

### V. THE EXAMINATION AND CHOICE OF STUDENTS.

Officials appointed by the board of foreign affairs and one official appointed by the American legation will consult together and report to the board the detailed method of procedure. There shall be three tests:

- (a) Candidates must be inspected as to their physical condition by Western trained physicians.
- (b) They must pass in Chinese.
- (c) They must pass in English and general branches. (Detailed regulations will be issued later.)

### VI. THE TRAINING SCHOOL.

The board of foreign affairs will establish a training school for students going to America (or branch schools will be established at Tientsin, Hankow, and Canton for the convenience of students from the different provinces). All the accepted candidates will enter this school or schools. Those sent out the first year will be trained for six months and those sent thereafter will be trained for one year. During this time the character and ability of the students will be closely inspected and only those found satisfactory will be sent abroad. Those found unsuitable will be rejected. (Detailed regulations will be issued later.)

### VII. THE SUPERINTENDENCE OF THE STUDENTS ABROAD.

At Washington, Chicago, or some other suitable place centrally located the office of the general superintendent will be established. Some one who has graduated from an American university and who has a reputation for ability will be appointed superintendent of students, and four or five assistants will be appointed to attend to the placing of the students, to their finances, and to inspect their studies. These will make regular reports. (Detailed regulations will be issued later.)

### VIII.

After the students have completed their courses of study and obtained their diplomas they will be presented by the board of foreign affairs to the board of education to be examined according to the regulations, and they will receive rank as may be determined by the board of education.

## TRADE MARKS IN JAPAN.

The following circular letter has been addressed by the Japanese Vice-Minister of Agriculture and Commerce to prefectural governors and chairmen of chambers of commerce:

"The sound industrial development of a nation can only be brought about by the honest and assiduous application of the people to their occupations. In the present condition of our country it is urgently necessary to stimulate the people to prize commercial morality and to do business with unwearied diligence and attention. At this juncture His Majesty the Emperor has given an Imperial Rescript inculcating honesty and sincerity and encouraging frugality and diligence. This Rescript, deep and far-reaching in its import, must be carefully remembered and strictly adhered to not only by business men but by the whole nation. On casting a glance upon our industrial and commercial circles, however, it will be seen that with the enlargement of the sphere of our business activities, vices attendant to competition have begun to make their appearance. A tendency is noticeable among merchants of attempting to engross business, excluding others; and, among manufacturers, of producing imitated articles and adulterated goods, sacrificing without scruple the interests of others to their own small and transitory gains. Even the rights of inventions, trade marks and other industrial properties are infringed, and cases of imitation and plagiarism are often brought to our notice. Such phenomena are indeed very discouraging for the future of our industrial development. Moreover, cases of unauthorized appropriation of foreign trade marks, commercial names, etc., are reported now and then, and petitions for remedy have been received from the aggrieved parties. It is true that among these complaints set forth by foreigners there are some which cannot be said to be well founded from the legal point of view; but any conduct on the part of our business men that may seem dishonest or fraudulent will bring grave results not only by discrediting our commerce and industry, but also by staining our national honor. The accompanying specimens are a few examples of imitated trade marks, from which an idea may be formed of the existing state of things.\* Of course applications for registration of such imitated trade marks are subjected to strict examination, and anything considered by the authorities as calculated to deceive the public is rejected. But at this propitious occasion, the promulgation of the Imperial Rescript, it is considered highly desirable that our business men be persuaded to come into unison and warn one another to use only fair means in the pursuit of wealth and promotion of industry, always bearing in mind that the first principle of business is to acquire credit by honesty and diligence, and thus to make an epoch of improved morality in the history of our commercial and industrial progress. With this object in view, it is requested that you will explain to all concerned and make them understand that the rights of inventions, designs and trade marks must be respected and that unfair competition brings nothing but injurious results, at the same time warning them against the bad practice of turning out debased goods and the shortsighted policy of trying to sell merchandise rashly, irrespective of price. It is also requested that you will instruct all associations of various branches of trades to take proper measures to stop dishonest dealings on the part of the members of their respective associations."—*North China Daily News*.

\* The specimens referred to give excellent representations in colors of imitations of trade marks of such well-known commodities as "Chelsea Boot Cream," "Caswell's Royal Chelsea Boot Polish," "The House of Commons" Scotch Whiskey, and "No. 838 4-inch Light Narrow Butts."

# REPORT OF COMMISSIONERS-GENERAL TO TOKYO EXPOSITION OF 1912.

Message from the President of the United States, transmitting a report by the Secretary of State covering one from the Commissioners-General of the United States to the Tokyo Exposition of 1912.

JANUARY 14, 1909.—Read; referred to the Committee on Foreign Relations and ordered to be printed.

*To the Senate and House of Representatives:*

I transmit herewith a report by the Secretary of State covering one from the Commissioners-General of the United States to the Tokyo Exposition of 1912, made in pursuance of the requirements of Section 2 of the act of Congress approved May 22, 1908, providing for "the participation by the United States in an international exposition to be held at Tokyo, Japan, in 1912."

THEODORE ROOSEVELT.

The White House, January 14, 1909.

*The President:*

The undersigned, Secretary of State, has the honor to lay before the President a report by the Commissioners-General of the United States to the Tokyo Exposition of 1912, made in pursuance of the requirements of Section 2 of the act of Congress approved May 22, 1908, providing for "the participation of the United States in an international exposition to be held at Tokyo, Japan, in 1912."

Respectfully submitted.

ELIHU ROOT.

Department of State,  
WASHINGTON, January 12, 1909.

OFFICE OF THE COMMISSION OF THE  
U. S. GOVERNMENT TO THE TOKYO EXPOSITION,  
WASHINGTON, D. C., January 11, 1908.

*The President:*

By direction of the American Commissioners-General to the International Exposition at Tokyo, Japan, and in accordance with the provisions of the act of Congress approved May 22, 1908, I have the honor to request that the accompanying report to Congress be transmitted to that body.

I have the honor to be, very respectfully,

J. C. O'LAUGHLIN,  
Secretary and Disbursing Agent.

WASHINGTON, D. C., January 11, 1908.

*To the Senate and House of Representatives:*

In accordance with the direction of the act of Congress, approved May 22, 1908, the American commissioners-general to the International Exposition at Tokyo, Japan, have the honor to submit the following report:

By the second section of said act the commissioners-general were directed to "take such steps as are necessary to ascertain the general plan and scope of the said international exposition, the character, size, and cost of

the buildings to be erected, and the exhibit authorized hereunder that would best serve the interests of the United States and its citizens and will be best adapted to illustrate the growth and development of the country and the character of our people."

Continuing, the section directs—

"That thereafter and as soon as practicable the said commission shall report fully to the President and to Congress the result of such investigation, together with their recommendation and the estimated cost of said participation in said exposition within the foregoing authorization."

The commission has performed the duties imposed upon it by the above act and begs to submit the following summary, which is supplemented by a detailed account of its proceedings and work up to the present date:

1. The commission, finding it impossible to settle with the Japanese authorities by mail and cable certain vital questions relating to the exposition, decided to proceed to Japan, where it discussed the exposition with great thoroughness in a series of conferences extending over several weeks.

2. Formal and official assurances were received while in Japan that the exposition will take place in 1917 instead of 1912.

3. Notwithstanding the postponement the work of preparation is progressing actively, and the commission was officially informed just prior to leaving Japan that a Japanese commission of high officials and experts had been selected to go abroad and study exposition practice in a thorough and scientific way. This commission is now at work in Europe and later will visit the United States for the purpose of conferring with the American commission with respect to certain details which it was not possible to settle in Tokyo.

4. In the original plan for the exposition no provision was made for separate buildings for the exhibition of agriculture, for food products, of mines and mining, of transportation, of forestry, or of the fine arts. The authorities agreed to provide for the exhibition when it shall be held in 1917 a proper building for the exhibits of agriculture and food products, and to give favorable consideration to making similar provision for exhibits of mines and mining, of transportation, of forestry, and of the fine arts.

5. One of the most desirous and advantageous sites on the grounds it is proposed to utilize for the Grand Exhibition of Japan was secured for the United States Government building or pavilion.

6. In order to stimulate the contribution of exhibits, the Japanese authorities agreed to make no charge or to ask no commission on sales.

7. The commission has obtained, accurately and in detail, estimates covering the present cost of labor and material likely to enter into the problem of building construction, which will be furnished architects, builders, and contractors upon application.

8. Taking all the circumstances into consideration, the commissioners-general have the honor to recommend that the commission be continued in its present form with nominal compensation until January 1, 1915, when the salaries of \$8,000 per annum for one commissioner-general and \$5,000 each for two commissioners-general and the secretary, fixed by the law of May 22, 1908, shall re-enter into force, and that in the meanwhile suitable allowance for proper expenses be authorized.

Shortly after the approval of the act the President appointed Francis B. Loomis, of Ohio; Frederick J. V. Skiff, of Illinois; and Francis D. Millet, of New York,

as commissioners-general, and John Callan O'Laughlin, of the District of Columbia, as secretary of the commission. The organization of the commission was immediately perfected and offices rented in the Hibbs Building, Washington, D. C.

After a conference with Secretary Root and Assistant Secretary Bacon at the State Department, the commission made a careful preliminary inquiry as to the scale of participation of the United States Government in the proposed exposition, and the possible extent of participation by separate States, and particularly by commercial, industrial, and other interests, and communicated by cable and mail with the Japanese authorities to ascertain the plan and scope of the proposed exposition. This work consumed about two months.

It soon developed that the limitations placed by the Japanese Government upon the proposed exposition were of such a character as to be unsatisfactory to American interests, and at the same time it proved impossible to obtain, at the long distance from Japan, the information needed to guide the commission in its dealings with American exhibitors and in the preparation of its report to Congress.

Under the circumstances the commission became convinced that the only way in which arrangements could be made satisfactory to the American people was through direct personal relations with the Japanese Government and the officials designated by it to create and organize the proposed exposition, and the commission decided to proceed to Japan. Further, it was considered important to initiate relations with the commissioners of European countries as soon as possible, and Mr. Millet was authorized to go to Japan by way of Europe for the purpose of studying the Exposition in London and of conferring with the proper government officials in England, France, Italy, and Germany in regard to the plans of those countries for their participation in the Tokyo Exposition.

Mr. Loomis and Mr. O'Laughlin proceeded first to San Francisco in pursuance of the decision to interest the Pacific Coast States in the proposed exposition, and to discuss the matter with the chamber of commerce and business men generally. Then they proceeded to Hawaii, where they consulted with officials and representatives of the various industrial and commercial interests, and upon the request of the Board of Trade of Honolulu formal representations were made to that body regarding the exposition at Tokyo and the participation of the islands therein.

Mr. Skiff went direct to Japan from San Francisco. While the commissioners-general were at San Francisco conferring with prospective exhibitors, preparing to embark for Honolulu, en route to Yokohama, they were apprised of the decision of the Japanese Government to postpone the exposition from 1912 to 1917.

The Secretary of State decided that it would be advisable, in view of all the circumstances, that their journey should not be interrupted, and he directed the commissioners-general by telegraph to proceed to Japan.

The commission was granted the courtesies of the port at Yokohama and was received by a distinguished committee, representing the Japanese Government and the chambers of commerce of Yokohama and Tokyo. It enjoyed the hospitality of Yokohama during the day and the next morning proceeded to Tokyo.

Shortly after the arrival of the commission in Tokyo a series of conferences on exposition matters was begun in the ministry of agriculture and commerce, and continued until most of the questions brought up for discussion were settled.

Formal and definite official assurances immediately were given the commission by the prime minister, the minister for foreign affairs, the minister of agriculture and commerce, and the Japanese commissioners that the exposition had not been abandoned, but postponed until 1917; that it would be known as "The Grand Exhibition of

Japan," and that when held it would be upon a much larger scale than originally planned. It is the distinct endeavor and the definite intention of the Government to make an exhibition distinguished by the quality rather than by the quantity of the exhibits, and to have the group of exhibition buildings impressive by their artistic appearance rather than by their dimensions.

The area of the grounds, it was stated, will be increased from 292 acres to 352 acres. For the exposition in 1912 only 40 acres were to have been used for buildings. For the same exhibition in 1917 a considerably larger area is to be set aside for this purpose.

It had not been intended to hold scientific or other congresses or conferences in 1912. In 1917 arrangements will be made to hold numerous congresses in Tokyo.

The exposition was postponed for the reason that as soon as it became evident that important foreign governments were disposed to participate on an extensive scale the original scope of the enterprise had to be greatly enlarged. The facilities at the disposal of the Japanese Government for handling large exhibits and considerable numbers of people could not be sufficiently increased by 1912 and it was thought wise to postpone the exposition until 1917. Moreover, the Government had adopted an engineering and fiscal program for extended harbor, pier, and railroad facilities, which will complete itself automatically, as it were, without extraordinary expenditure in the year 1916, and also had inaugurated an extensive system of boulevard and street improvements in the city of Tokyo as a part of its progressive policy of municipal government.

An additional reason for the postponement was that in 1917 will be celebrated the fiftieth anniversary of the coronation of the Emperor, an event of deep significance to Japan and of unusual interest to the whole world.

In that year the largest merchant ships will be able to discharge their cargoes alongside the piers at Yokohama, and the exhibits intended for the exhibition can be transferred directly to railway cars on the pier, which will convey their loads into the exhibition buildings. This will greatly facilitate the forwarding of exhibits and considerably lessen the cost of participation to foreign exhibitors, as lighterage and a double handling of goods no longer will be necessary.

Also, the railroad facilities will be adequately increased, and a number of new hotels, which are badly needed, will be erected in Tokyo. Incidentally, it may be observed, while no official statement to the effect was made, if the exhibition had been held in 1912 it probably would have cost the Japanese Government in the neighborhood of \$10,000,000 instead of \$5,000,000, the expenditure originally contemplated. The Government confidently expects to be prepared to meet the larger expenditure with ease in 1917.

The commission was treated with distinguished consideration. Every opportunity was given it to gather information relating to the exhibition, and to obtain facts in connection with commercial and industrial conditions in Japan. It was granted an audience by the Emperor and Empress. It was entertained by the Prince and Princess Fushimi, the former being honorary president of the exposition; by the prime minister, the minister of foreign affairs, the minister of agriculture and commerce, and many other distinguished officials and men prominent in finance, business and art.

The natural consequence of these courtesies was to place the commissioners-general upon a plane of friendly association with the dignitaries of the Government and officials of the exhibition, which facilitated the transaction of business. During the numerous conferences, each of several hours' duration, which were held with the prime minister, the minister of foreign affairs, the minister of agriculture and commerce, and with the exhibition authorities, a sincere desire was manifested to meet the wishes of the United States not only with respect to the character



of competitive exhibits and the location of its building, but with regard to the general plan of the exhibition itself. This attitude on the part of the Japanese officials evidently arose from a desire to manifest the genuine and deep-seated gratitude of their Government for the generous appropriation made unanimously by Congress, upon the recommendation of the President, and the action of the American Government in dispatching the commission to Japan, even after the postponement of the exhibition had been announced.

These conferences were extremely valuable in that they made possible the settlement of the numerous details inseparable from a great international exposition, and their determination in advance upon a harmonious and mutually satisfactory basis must be beneficial to exhibitors from the United States.

It has been the aim of the commission to perform the work of preparation in a thorough and adequate manner, favorable to the best interests of the American Government and exhibitors.

In the matter of agriculture and certain other exhibits, the commission secured a very important and substantial concession. In the arrangements originally adopted by the Japanese authorities no provision had been made for a building for the exhibition of agriculture and food products, and inquiry developed the fact that any country wishing to make an agricultural exhibit would have to do so at its own expense, in a building erected by itself. This practically meant that the products of our farms would have to be housed and installed at our own expense.

As a result of the earnest representations of the commissioners-general, the Japanese authorities finally agreed to provide a suitable building for the installation of our exhibits of agriculture and food products. This will enable a proper presentation of these exhibits, and will save the United States Government an outlay of something like \$200,000 in building construction.

It seems hardly necessary to explain the great value of this concession, for American flour and other agricultural products have already gained a foothold in Japan, and their exhibition, under such favorable conditions as provided for, cannot fail to strengthen their position throughout the Far East.

The commissioners-general also urged upon the Japanese commission the importance of the live-stock interests in the United States, and in reply to their suggestions, the Japanese authorities expressed the intention to provide for this class of exhibits in a liberal and satisfactory manner.

Realizing, furthermore, the great importance to the various States of mining, transportation, and forestry, the commissioners-general urged upon the Japanese authorities the installation of exhibits of these industries in buildings erected for the purpose by the Japanese Government. The Japanese commissioners recognized the value of the proposal made by the American commission, and promised not merely to give it consideration but declared their willingness to go as far as they possibly could to meet the views of the United States.

The commissioners-general secured changes and modifications in the rules and regulations promulgated for the exposition of 1912 which will be applied in 1917, and in the amended form they will work greatly to the advantage of American exhibitors in the matter of display, housing, operation, expense of transportation to and from Tokyo, and installation of exhibits.

The Japanese commissioners stated also, following representations made by the commissioners-general, that it would be the policy of the Government of Japan to encourage, as far as possible, the sale of foreign exhibits to Japanese citizens.

This purpose actuated the policy of the authorities so strongly that they have decided to make no charge of royalty or commission on sales—a most marked departure

from the practice in all previous international expositions.

Nothing is more important to nations participating in a great international exposition than to secure a commanding position in the exposition grounds for a government pavilion. The commissioners-general, in company with engineers, architects, and exposition experts, inspected the site of the proposed exhibition. It lies on the western edge of the city of Tokyo and comprised the Aoyama Parade Ground, upon which is held annually a review of troops by the Emperor, and a portion of the imperial estate of Yoyogi, which is situated a mile distant. It is intended to connect the parade ground with the imperial estate by a long avenue, 100 feet wide. In 1917 all the imperial estate, as well as the parade ground, will be used. The parade ground is a magnificent level plain, with few trees, while the imperial estate covers a rolling country, well wooded and well watered. It is not intended to clear much of the imperial estate, but to retain most of it in its present condition, thus making a beautiful and attractive background for the projected buildings.

The grounds are easily accessible to the city by steam and street railways. It is intended to increase these transportation facilities. The plans under consideration contemplate the erection of large numbers of Japanese houses for the accommodation of visitors who may desire to live in close proximity to the exhibition.

The site selected for the national pavilion of the United States is situated near the centre of the imperial estate. It comprises a gentle elevation which commands an excellent view of the surrounding neighborhood, and at the base of which is a beautiful stream fringed with fine trees.

On account of the general character of the plans of the Japanese Government, it is impossible for the commissioners-general to present in detail a complete scheme of participation by the United States in the proposed exposition. No allotments of space in the various departments yet have been made and the Japanese commissioners requested that a discussion of this matter be postponed. They, however, have given assurances that the interests of the United States will be protected and that its wishes will receive satisfactory consideration when the allotments of space are made, as a recognition of the action of Congress in making the first appropriation for the participation by a foreign government in the exposition and of the visit of the commissioners-general to Japan.

The classification and exhibits determined upon by the Japanese for the exposition in 1912 covered twenty-one departments, which, in turn, were subdivided into groups. The classification included:

- |                              |  |
|------------------------------|--|
| 1. Education.                | 13. Chemical industries.                               |
| 2. Science and arts.         | 14. Textile industries.                                |
| 3. Fine arts.                | 15. Varied industries.                                 |
| 4. Applied fine arts.        | 16. Architectural engineering and interior decoration. |
| 5. Agriculture.              | 17. Machinery and shipping.                            |
| 6. Horticulture.             | 18. Electricity.                                       |
| 7. Live stock and poultry.   | 19. Civil engineering and transportation.              |
| 8. Sericulture and filature. | 20. Social economics and sanitation.                   |
| 9. Forestry and hunting.     | 21. Army and navy.                                     |
| 10. Fisheries.               |  |
| 11. Foods and beverages.     |  |
| 12. Mining and metallurgy.   |  |

For the installation of exhibits it was proposed to erect sixteen buildings, as follows:

- |                            |                              |
|----------------------------|------------------------------|
| 1. Education building.     | 9. Fishery building.         |
| 2. Science building.       | 10. Food building.           |
| 3. Fine arts building.     | 11. Mining building.         |
| 4. Agricultural building.  | 12. Industrial building.     |
| 5. Horticultural building. | 13. Machinery building.      |
| 6. Live stock building.    | 14. Electricity building.    |
| 7. Sericulture building.   | 15. Transportation building. |
| 8. Forestry building.      | 16. Army and navy building.  |

The American commissioners-general pointed out that the machinery and electrical industries are so intermingled as to make their separation difficult. It is probable that exhibits of these classes will be combined.

Until the details of the plans of the Japanese commissioners are determined upon, and in view of the fact that the exhibition will not take place until eight years hence, it is obviously impossible to submit definite estimates of the expenditures which will be required for a proper exhibition of the United States at Tokyo.

The Japanese commissioners particularly evinced interest in the suggestion that Japan should stimulate the development of a style of exhibition architecture in keeping with the artistic instincts of its people and in harmony with its tastes. It had been planned for the exposition in 1912 to adopt a European style of architecture, but the desirability and value of a distinctive form of Japanese architecture being pointed out, the Japanese commissioners announced their purpose to give especial attention to the matter. The problem now before the architects of the country is to devise a group of buildings which shall be characteristically Japanese and adapted to exhibition purposes.

The Japanese commissioners requested that the American commission should continue in existence, in spite of the postponement, and declared it to be their purpose to call upon it frequently for information and suggestion, pointing out in this manner the United States could give practical demonstration of interest in and friendship for their country.

They, in turn, expect to keep the American commission well informed and frequently communicate to it a vast deal of information which will be of distinct value to American participants. In this connection the Japanese officials made the formal request that all correspondence on the part of prospective American exhibitors and concessionaires be directed, in the first instance, to the American commission.

They furthermore stated that any communications received by them from American citizens would be referred immediately to the American commission.

The Japanese Government is energetically developing its plans for the exhibition in 1917. New officials were designated for service in connection with this enterprise before the commission left Japan. Both the prime minister and the minister of commerce gave assurances that there would be no halt in the work of preparation; that notwithstanding the apparently long interval between the present year and the year in which the exhibition is to be held they would find it was not an excessive period for preparation, and they expected to work continuously from now on until the close of the exhibition.

There was also immediately appointed a commission of high exposition officials and experts to go abroad and study exposition practice in a scientific and minute way. This commission is now in Europe. It was announced officially that it will come to this country in the spring of 1909, and after investigating industrial, commercial, and scientific conditions in the East, and after a brief visit to Washington, it will repair to Seattle to make a careful study of the exposition which will be in progress in that city. The commission feels impelled to call attention to the fact that there rests upon this Government a heavy obligation to entertain the Japanese commission in a manner which, in some degree at least, will discharge with graciousness and generosity a portion of the debt the United States owes to Japan for the sumptuous, liberal, tactful, and thoughtful hospitality recently lavished upon the American fleet, the American commission, and the large delegation of representative business men from the Pacific Coast which visited Japan in October of this year under the auspices of the Japanese Government and as guests of the Japanese commercial organizations.

The prime minister, the minister of foreign affairs, and the minister of agriculture and commerce repeatedly took occasion to express the view that important political and commercial ends had been subserved by the visit of the commission and that it had had a direct and positive bearing for good upon the relations of the two countries.

The press of Japan, from one end of the country to the other, published friendly and favorable notices of its visit. The commissioners-general, in pursuance of their desire to obtain full and reliable data upon industrial and commercial industries in the Empire, traveled to Nagoya, Kioto, Osaka, and Kobe, where they were received with many courtesies, which were tendered in a fashion to demonstrate that real and hearty friendship for the United States inspired them. Indeed, more hospitality was offered than possibly could be accepted. Representatives of chambers of commerce and trade organizations and business men generally manifested the liveliest interest in the work of the commission and evinced a sincere desire to talk and to come into close touch with the commission. The commissioners-general feel constrained to say they were profoundly impressed by the widespread, sincere, and abundant manifestations of friendship and good feeling everywhere exhibited by the Japanese Government and the Japanese people.

The commissioners-general can not refrain from expressing the opinion that the action of Congress in providing for participation in the proposed exhibition upon the important scale established in the original act was both wise and timely.

There is not the slightest doubt that with the appropriation of \$1,500,000 so generously authorized it will be possible to arrange a participation which will redound to the dignity and credit of the country and serve as a means of advertising the products of the United States in what is potentially the greatest market in the world.

The Japanese, Korean, and Chinese people are becoming acquainted with the quality of American foodstuffs, American machinery, American cotton and other textile fabrics. They are finding them satisfactory and suited to their needs. The proposed exhibition will give an opportunity to hundreds of thousands to see our products at first hand. It is imperative, therefore, that our exhibits should be not merely superior in quality, but arranged and housed in a manner which will permit of their proper and effective display. In a word, American participation should be in keeping with the greatness, dignity, and importance of this nation, which has such a vital interest in the Far East as a result of its geographical situation and commercial development.

Not only will the exhibition attract the people of Japan, but there is every reason to believe that it will be visited by influential and prominent merchants and buyers representing every important market in China, Manchuria, Formosa, the Philippines, Australia, Straits Settlements, and India. In fact, the Tokyo Exhibition, in 1917, for the time being will be, so far as exhibitors are concerned, the show window of the Orient, and to this wide scope of the enterprise the consideration of prospective American exhibitors is earnestly invited.

Respectfully submitted.

FRANCIS B. LOOMIS,

F. J. V. SKIFF,

FRANCIS D. MILLET,

Commissioners-General of the United States

Government to the Tokyo Exposition of 1912.

JOHN CALLAN O'LAUGHLIN,

Secretary and Disbursing Agent.



# THE GOLD STANDARD LAW OF SIAM.

A FULL TRANSLATION.

(From the Bangkok Times.)

As the matter is of considerable interest we give below a provisional translation of the new Gold Standard Law which appeared in the *Government Gazette* of the 11th instant. Translations are also appended of two Notifications which were issued simultaneously with the Law—the first setting forth certain particulars regarding the coins to be minted under the Act, and the second defining the position of the coins minted under former Acts, besides detailing the temporary arrangement made for the issue locally of legal currency, until the Mint is in a position to receive gold in Bangkok.

## THE GOLD STANDARD ACT, R. S. 127.

Whereas the effect of the silver standard of currency, which was formerly in force in Siam, was such as to lead to constant fluctuations in the prices of commodities exchanged with countries where gold was the standard of value, His Majesty the King deemed it expedient, in order that greater stability might be secured, to change the silver standard of the country to a gold standard, and was graciously pleased, in the year R. S. 121, to command that the desired change be inaugurated by closing the Royal Mint to the free coinage of silver, which command was carried out by means of an Act repealing a certain section of the Royal Mint Act of the year R. S. 112.

And whereas, in the year R. S. 122, His Majesty was pleased to direct that the "Coinage Act of 122" be promulgated in order to regularize the metallic currency of the Kingdom, and carry the adoption of the Gold Standard a step further,

Now therefore, with a view to the completion of the policy instituted in the year R. S. 121, His Majesty is pleased to command that the Gold Standard Act, R. S. 127, be enacted as follows:

### CHAPTER I.—PRELIMINARY.

Section 1. This law shall be called "The Gold Standard Act, R. S. 127," and it shall supersede all previous Decrees and Enactments relating to the coinage of money in Siam which may be contrary to the provisions of this Act.

Section 2. In this Act the expression "The Mint" shall mean the Royal Mint in Bangkok.

The term "Gold bullion" shall mean gold which has not been coined by the Government as a measure of value.

The term "Silver bullion" shall mean silver which has not been coined by the Government as a measure of value.

The term "Money" shall mean any substance which is regarded as a measure of value.

The term "Coin" shall mean a piece of metal which any Government has issued for use as money.

The term "Subsidiary coin" shall mean coin of a value less than one tical.

The term "Remedy" shall mean the variation from the standard fineness or weight of the coins, as specified in Sections 5 and 7 of this Act.

Section 3. The theoretical unit of the Siamese monetary system shall be the tical of 55.8 centigrammes of pure gold.

The silver tical containing 15.5 grammes of pure silver shall, under this Act, have a value equal to the aforesaid 55.8 centigrammes of pure gold.

The tical shall be divided into one hundred satang.

### CHAPTER II.—THE COINS.

Section 4. The following shall be the coins to be minted under this Act:

Gold—Dos or 10 tical piece.

Silver—Tical. 2 salung piece. Salung.

Nickel—10 satang piece. 5 satang piece.

Bronze—Satang.

Section 5. The standard fineness of the coins shall be as follows:

(1) The dos shall contain 900 parts of pure gold and 100 parts of copper.

(2) The tical shall contain 900 parts of pure silver and 100 parts of copper.

(3) The subsidiary silver coins shall contain 800 parts of pure silver and 200 parts of copper.

(4) The nickel coins shall be composed of commercially pure nickel.

(5) The bronze satang shall contain 95 parts of commercially pure copper, 4 parts of tin and 1 part of zinc.

Section 6. The sanctioned remedy in fineness shall not exceed the following limits:

(1) Dos ..... 1½ thousandths

(2) Tical ..... 3 thousandths

(3) Subsidiary silver coins ..... 4 thousandths

Section 7. The standard weight of the coins shall be as follows:

#### GOLD.

Dos ..... 6.20 grammes.

#### SILVER.

Tical ..... 15 grammes.

2 Salung piece ..... 7.5 grammes.

Salung ..... 3.75 grammes.

#### NICKEL.

10 Satang piece ..... 3.5 grammes.

5 Satang piece ..... 2 grammes.

#### BRONZE.

Satang ..... 5 grammes.

Section 8. The sanctioned remedy in weight shall not exceed the following limits:

#### GOLD.

Dos ..... 2 centigrammes.

1,000 Dos ..... 2.5 grammes.

#### SILVER.

Tical ..... 9 centigrammes.

1,000 ticals ..... 12 grammes.

2 Salung piece ..... 8 centigrammes.

1,000 2 Salung pieces ..... 12 grammes.

Salung ..... 5.5 centigrammes.

1,000 Salungs ..... 6 grammes.

## NICKEL.

10 Satang piece .....	20 centigrammes.
5 Satang piece .....	15 centigrammes.

## BRONZE.

Satang .....	25 centigrammes.
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Section 9. The coins minted under this Act shall be of such size, form and design, and bear such inscriptions and other particulars, as the Minister of Finance may be commanded by His Majesty to notify in the *Government Gazette*.

## CHAPTER III.—THE MINTING AND CIRCULATION OF THE COINS.

Section 10. The right of minting and issuing belongs exclusively to the Government and will be exercised in conformity with the provisions of this Act.

Section 11. Any person may, under this Act, tender gold bullion to the Ministry of Finance, for the purpose of being coined. The gold so tendered shall be of such quality and fineness and be tendered in such minimum quantities as may be notified by the Minister of Finance.

If the person by whom the gold is tendered demands gold coins in exchange, the Ministry of Finance shall pay him such gold coins at the rate of 2,680 ticals for every 100 ticals weight (1,500 grammes) of pure gold tendered, provided that there shall be no obligation to pay the coins immediately on the receipt of the gold, but only after the lapse of such reasonable time as may be sufficient for the coining of the gold tendered.

Section 12. If the person by whom gold is tendered, as mentioned in Section 11, is prepared to accept in exchange any money which is legal tender under Chapter IV of this Act, without specifying any particular denomination, the Ministry of Finance shall so pay him, at its convenience, immediately after the gold has been assayed, at the rate of 2,680 ticals for every 100 ticals weight (1,500 grammes) of pure gold tendered.

Section 13. The gold received for coinage under Sections 11 and 12 shall, at the discretion of the Government, be used either for the purpose of minting gold coins, or for the purchase of silver bullion in such quantities as may be required for the mintage of silver coins, or for any other object, not contrary to the purposes of this Act.

Section 14. Whenever the value of the silver contained in the one tical piece is, in Bangkok, greater than the value of 55.8 centigrammes of pure gold, the Ministry of Finance is prohibited from issuing one tical pieces in exchange for gold.

Section 15. The exchange of gold coins and one tical pieces for subsidiary silver coins, or of subsidiary silver coins for gold coins and one tical pieces, may be effected at the Royal Treasury in Bangkok in even hundreds of ticals. The Ministry of Finance may determine and notify the other Government offices at which, and the conditions under which, the exchanges in question may also be made.

## CHAPTER IV.—LEGAL TENDER.

Section 16. Gold coins and one tical pieces shall be legal tender without limit as to amount.

Subsidiary silver coins shall be legal tender only up to the value of five ticals, and nickel and bronze coins only up to the value of one tical.

Section 17. Foreign coins shall not be legal tender except in cases expressly provided for by law or by treaty with a foreign power.

## CHAPTER V.—WORN AND DETERIORATED COINS.

Section 18. Gold coins and one tical pieces shall be called in by the Ministry of Finance, for recoinage, when, through reasonable usage, their designs and inscriptions shall be effaced, or their weights diminished below the following limits, that is to say, in the case of gold coins, below the standard weight prescribed in Section 7, by an

amount equal to two and a half times the remedy authorized in Section 8, and in that of one tical pieces, below the standard weight prescribed in Section 7, by an amount equal to five times the remedy authorized in Section 8.

Subsidiary coins shall be called in when, through long usage, their designs and inscriptions are effaced.

All such worn coins as described in this Section shall, if presented at any state treasury, be accepted at their full nominal value, but shall not be reissued.

Section 19. When worn and deteriorated coins are withdrawn for remintage, as mentioned in Section 18, the cost of melting down and reminting shall be charged in full to the general expenditure budget of the Government.

Section 20. Coins which have been reduced in weight otherwise than by reasonable wearing, or which have been mutilated, or which bear any stamp in addition to the National one, shall cease to be legal tender under Chapter IV of this Act, and shall not be accepted or exchanged by the officer in charge of any state treasury or by any official receiving or collecting state dues.

Section 21. Whenever any such short weight or mutilated coins as described in Section 20 are presented to any public officer so empowered by the Minister of Finance under this Act, he shall destroy them in the manner laid down in such rules as may be issued by the Minister of Finance for the destruction of short weight and mutilated coins.

## CHAPTER VI.—ILLEGAL TOKENS.

Section 22. No person shall make, use, or put into circulation any piece of metal, or mixed metal, or any object of any substance whatsoever, as a token for money, except by the authority of the Government.

Whoever acts in contravention of this Section of the Act shall be deemed guilty of a petty offense, Class D, under the Penal Code, but the offense described in this Section shall be without prejudice to any punishment prescribed for the counterfeiting of money.

## CHAPTER VII.—SPECIAL RESERVE FUND.

Section 23. The Ministry of Finance shall establish a fund for the purpose of maintaining the stability of the rate of exchange between Siam and Foreign Countries.

This fund shall be a separate one, unconnected with other funds in the Royal Treasury, and shall be composed of the following resources:

(1) Of the sum of 12,000,000 ticals, which, to commence with, shall be transferred from the Treasury Reserve or other source allocated by the Government for the purpose. If the Minister of Finance deems it expedient, this sum may be increased, with the sanction of His Majesty.

(2) Of the gross profit resulting from the coinage operations, i. e., without any deduction for expenses.

(3) Of any other sources of income or profit which may be held to emanate from the said fund.

Section 24. The expenses and losses arising out of the operations effected in connection with the purposes for which the fund is created shall be charged to the said fund, but all disbursements of the Mint, such as salaries of employees, cost of mintage, etc., shall be charged to the appropriate head in the expenditure budget of the Government.

Section 25. Any portion of the fund which it may be found necessary to remit and retain abroad shall be deposited in such banks, or invested in such foreign Government securities, of first class standing, as the Minister of Finance may select.

The portion of the fund to be kept in Siam shall consist of gold coins and one tical pieces, or of gold and silver bullion intended for mintage.

Silver ticals included in the fund, under this Section, shall only be drawn in exchange for gold at the rate prescribed in Section 12, or for the purchase of silver bull-

ion for the minting of coins, or, finally, for the purchase of transfers payable to the Government in gold abroad.

Section 26. The particulars of all receipts and payments arising out of the fund, under the operation of this Act, shall be incorporated by the Comptroller General of Accounts and Audit in a special account, in the form prescribed by the Minister of Finance.

The Comptroller General of Accounts and Audit shall make up the account yearly, in time to be included in the general annual accounts of the Kingdom.

Section 27. The Minister of Finance shall be charged with the execution of this Act, and shall be authorized to issue such rules and regulations as may be found necessary for the purpose of carrying out its provisions. All rules and regulations so issued by the Minister of Finance shall be published in the *Government Gazette*, and shall have effect from the date of such publication.

Proclaimed on the 11th day of November, R. S. 127, being the 14,610th day of the present reign.

#### NOTIFICATION.

#### PREScribing SIZE, FORM, DESIGNS AND INSCRIPTIONS OF COINS.

Whereas in Section 9 of the Gold Standard Act, R. S. 127, it is provided that the coins minted under that Act shall be of such size, form and design, and bear such inscriptions and other particulars, as the Minister of Finance may be commanded by His Majesty to notify in the *Government Gazette*,

Now therefore, His Majesty is pleased to command that the coins in question shall be in the form of a disc, and shall have such diameters and bear such designs and inscriptions as are mentioned below.

#### GOLD COIN.

Dos, or 10 Tical Piece—Diameter, 20 millimetres. Design and inscription: Obverse, the likeness of his Majesty, with the inscription "Chulalongkorn Parama Rajadhiraj." Reverse, the figure of the Garuda bearing a shield with the design Chakra and Trident, and the inscription "Dos Nung," "Siama Rath" and the year of coinage.

#### SILVER COINS.

Design and inscriptions: Obverse the likeness of His Majesty the King, with the inscription "Chulalongkorn Siamindr." Reverse, the Three-headed elephant, with the inscription "Siama Rath," the year of coinage and the name of each denomination of coin.

Diameters: Tical, 30 millimetres. 2 Satang piece, 25 millimetres. Satang, 20 millimetres.

#### NICKEL AND BRONZE COINS.

Design and inscriptions: Obverse, the "Unalom" with the words "Siama Rath" and the value of the coin. Reverse, the Chakra, with the year of the coinage.

Diameters: 10 Satang Piece, 20 millimetres. 5 Satang Piece 17.5 millimetres. 1 Satang Piece, 22.5 millimetres.

These three coins shall be pierced with holes in the centres as follows: 10 Satang Piece, 5 millimetres; 5 Satang Piece, 4 millimetres; 1 Satang piece, 6 millimetres.

Proclaimed on the 11th day of November R. S. 127 (1908).

(Sd) KITTIYAKARA, Minister of Finance.

Notification suspending the Operation of certain sections of the Gold Standard Law, R. S. 127:

The Minister of Finance is commanded by His Majesty to proclaim that, whereas it is inexpedient to bring into immediate operation certain Sections of the Gold Standard Act, R. S. 127, by reason of the inconvenience which the inhabitants of the Realm would thereby be caused, His Majesty is pleased to direct that their operation be temporarily suspended, in the manner set forth below:

I. Whereas in Section 9 of the Gold Standard Act, R. S. 127, it is provided that the coins shall be of such size, form and designs, and bear such inscriptions and other particulars as the Minister of Finance may be commanded by His Majesty to notify, and whereas the existing coins of all denominations, viz., the tical, the satang, the fuang, the bronze sik, sio, att and solot, and the nickel 20 satang, 10 satang, 5 satang and 2½ satang pieces, are coins of which the particulars do not correspond with those notified under the present Act, but nevertheless it would be inexpedient to entirely demonetize them all at the present time.

Now therefore, His Majesty is pleased to command as follows:

(1) The tical and the satang, minted under former Acts, shall continue in general use, as heretofore.

(2) The fuang and the bronze sik, sio, att and solot, shall continue in use for the time being, pending their exchange by the public for the new coins.

(3) The nickel 20 satang, 10 satang, 5 satang and 2½ satang pieces, which were issued under Notification dated the 21st day of August, 117 (1898), shall be demonetized, but the officials in charge of the state treasuries shall issue the new satang pieces in exchange for the old ones, until such time as it may be notified that the exchange shall cease.

The exchange of the fuangs, the old bronze coins and the old satang pieces, as prescribed in clauses (2) and (3) above, shall be made at the following rates, viz., bronze coins, 1 tical's worth for 10 satang, and fuangs, 8 fuangs for 1 tical; the old and new satang pieces shall have equivalent values.

The exchange of the coins above referred to may be made at the Royal Treasury in Bangkok and at such other Government offices as the Minister of Finance may designate.

II. Whereas in Sections 11 and 12 of the Gold Standard Act, R. S. 127, it is provided that any person may tender gold bullion to the Ministry of Finance for the purpose of being coined, and that the Ministry of Finance shall, if demanded, pay him gold coins in exchange, or, if no such demand is made, in any money which is legal tender under Chapter IV. of the Gold Standard Act, R. S. 127, the rate of such payment being 2,680 ticals for every 100 ticals weight (1,500 grammes) of pure gold tendered.

And whereas it is not at present expedient to receive gold in Bangkok,

Now therefore it is hereby commanded by His Majesty that Sections 11 and 12 of the said Act, as aforementioned, shall be temporarily suspended, and that for the present the Ministry of Finance shall continue to receive gold abroad, as heretofore, and shall issue in Bangkok legal currency in exchange at the rate of 2,662 ticals for every 100 ticals weight (1,500 grammes) of pure gold received, or 13 ticals for £1 sterling.

III. Whereas in Section 20 of the Gold Standard Act, R. S. 127, it is provided that coins which have been reduced in weight otherwise than by reasonable wearing, or which have been mutilated or which bear any stamp in addition to the National one, shall cease to be legal tender and shall not be accepted or exchanged by any state treasury or official receiving or collecting Government dues.

And whereas there are at present in circulation considerable numbers of bent salungs and fuangs, the immediate refusal to accept which would be a cause of complaint on the part of the public,

Now therefore it is hereby commanded by His Majesty that all state treasuries and all officials receiving or collecting state dues shall for a period of one year from the date of this Proclamation, be authorized to accept, at their full nominal value, all bent salungs and fuangs which may be tendered to them in payment or in exchange.

Proclaimed on the 11th day of November R. S. 127 (1908).

(Sd.) KITTIYAKARA, Minister of Finance.

## THE UNITED STATES AND THE EXHIBITION AT TOKYO.

In the Senate of the United States, January 4, 1909. Mr. Cullom introduced the following bill, which was read twice and referred to the Committee on Foreign Relations: Bill to amend an Act entitled "An Act to provide for participation by the United States in an international exposition to be held at Tokyo, Japan, in nineteen hundred and twelve," approved May twenty-second, nineteen hundred and eight.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That an Act entitled "An Act to provide for participation by the United States in an international exposition to be held at Tokyo, Japan, in nineteen hundred and twelve," approved May twenty-second, nineteen hundred and eight, be, and the same is hereby, amended so that after January first, nineteen hundred and nine, one of the commissioners-general appointed under said Act shall receive as compensation for his services the sum of one thousand dollars per annum until the end of the year nineteen hundred and fourteen, and thereafter the sum of eight thousand dollars per annum until the end of the year nineteen hundred and seventeen, and the other two commissioners-general shall receive no compensation for their services until the end of the year nineteen hundred and fourteen, and thereafter shall receive five thousand dollars each per annum until the end of the year nineteen hundred and seventeen; and so that the secretary shall receive no compensation for his services until the end of the year nineteen hundred and fourteen, and thereafter shall receive five thousand dollars per annum until the end of the year nineteen hundred and seventeen.

The bill (S. 7992) to amend an act entitled "An Act to provide for participation by the United States in an international exposition to be held at Tokyo, Japan, in 1912," approved May 22, 1908, was considered as in Committee of the Whole.

The bill was reported from the Committee on Foreign Relations with amendments.

Mr. Culberson—I presume the Senator from Maine (Mr. Frye) has the bill in charge. I have looked over the report which accompanied it. It shows among other things that Mr. Loomis has been improperly paid \$3,000 of salary. I do not know whether restitution has been made in that case since then or not.

Mr. Frye—He has paid it back.

Mr. Culberson—I am glad to hear it. The report also shows that some four or five hundred dollars were spent out of the appropriation at a banquet given by some one

at Tokyo. I do not know anything about those matters, but it might be well to consider how far we are going in paying money out of the Public Treasury for banquets.

Mr. Frye—This bill is intended to stop all unnecessary expenditures; and I think, as it is drawn and has been amended by the Committee on Foreign Relations, it stops every expenditure except \$1,000 a year to Mr. Loomis, which was regarded as necessary to keep us in touch with Japan.

Mr. Culberson—Very well. If there has been restitution of the salary, and if the appropriation itself is so guarded that extraordinary expenditures can not occur again, of course I have no objection to the bill.

Mr. Bacon—The appropriation of \$1,000, I understand—I presume it is so expressed—covers not only salary but expenses.

Mr. Frye—It does. The committee were very careful to stop all expenditures.

The Vice-President—The amendments of the committee will be stated in their order.

The amendments were, on page 1, line 8, after the words "commissioners-general," to insert "who now receives \$8,000 per annum;" on page 2, line 3, after the words "nineteen hundred and fourteen," to insert "which amount shall also include his expenses;" in line 11, after the word "secretary," to insert "and other employees;" in line 12, before the word "services," to strike out "his" and insert "their;" in line 14, after the word "thereafter," to insert "the secretary;" and at the end of the bill to add "and that no expenses shall be incurred by the commission or clerical or other assistants employed prior to January 1, 1915," so as to make the bill read:

Be it enacted, etc., That an Act entitled "An Act to provide for participation by the United States in an international exposition to be held at Tokyo, Japan, in 1912," approved May 22, 1908, be, and the same is hereby, amended so that after January 1, 1909, one of the commissioners-general, who now receives \$8,000 per annum, appointed under said act, shall receive as compensation for his services the sum of \$1,000 per annum until the end of the year 1914, which amount shall also include his expenses, and thereafter the sum of \$8,000 per annum until the end of the year 1917, and the other two commissioners-general shall receive no compensation for their services until the end of the year 1914, and thereafter shall receive \$5,000 each per annum until the end of the year 1917; and so that the secretary and other employees shall receive no compensation for their services until the end of the year 1914, and thereafter the secretary shall receive \$5,000 per annum until the end of the year 1917, and that no expenses shall be incurred by the commission or clerical or other assistants employed prior to January 1, 1915.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## JAPAN: A RETROSPECT.

BY W. J. S. SHAND.

It would be hard to find a parallel to the astonishing transformation of old Japan in the last fifty years of her history. Looking back, we find her at the period of the death of Tokugawa Iyesada, in 1858, in the throes of internal strife, with the burning questions of the impending restoration of the emperor to his own and the advent of the men from the West. In the following year foreign merchants established themselves in Yokohama, and in April, 1860, the aged statesman, Ii Kamon, was assassinated in Yedo by adherents of the Mito clan as a protest against his far-seeing and liberal policy toward the newcomers. In 1864 the Choshu forts fired on British vessels, and later on others, which led to the bombardment of Shimonoseki. Two years later the Shogun Iyemochi died, and was succeeded by Kei Ki, the last of a line which had governed Japan for 268 years.

Stirring events now followed fast. The civil war commenced with the battle of Fushimi in 1868, terminating shortly in the triumph of the Imperial troops, and the entry of the emperor to the Eastern capital, Tokyo, the old name, Yedo, being now officially abolished. Hereafter progress was the order of the day. New issues of specie and paper money replaced by degrees the quaint little oblong satsu we used to carry in cigar cases; the solar took the place of the lunar calendar, with its puzzling intercalary month every few years to make up time. The ports of Kobé, Nagasaki, Hakodate and Niigata were opened to foreign trade and consulates established. Newspapers began to make their appearance, the first one, the *Nisshin Shinji*, under the editorship of Mr. William Black, a Scotchman; soon followed by the *Mainichi Shimbun* (Daily News), and many others. A college called the Kai-sei-jo was established in the capital and foreign teachers engaged. A mint in Osaka was placed under the direction of Messrs. Gowland and MacLagan, both British subjects.

In 1871 the introduction of the jin-riki-sha (man power cart), now anglicized over the East as "rickshaw," came at a critical time for the immense hordes of bearers and porters who had been employed on the great main roads—particularly the Tokaido, between Kyoto and Yedo. These men had supplied the demands of the processions of the Territorial and smaller Daimyo on their journeys to and from Yedo, and when the Shogun proceeded to do homage to the secluded emperor in Kyoto. These had been out of work since 1868, and much distress was experienced.

In 1872 the first railway line, that between Tokyo and Yokohama, was opened. The *éclat* of this event was heightened by the presence in public, for the first time in the history of the country, of His Majesty the Emperor—a possibility up till then almost unthinkable to a Japanese. I was standing in the crowd when the Imperial coach issued from the gates of the Prefecture. There was a general tendency to go down on the knees and bow the head at this juncture, with difficulty checked by the police, who called out repeatedly, "Tatte ore" ("Remain standing"). At the open-

ing ceremony at the Yokohama station His Majesty was seated on a chair upholstered with gold brocade, while on each side stood the Ministers of State in the ancient court costume, the Emperor alone wearing a military uniform of the Western type. An address was read by Hara Zenzaburo, representing the merchants' guild, whose hands shook with agitation as he held the parchment he was reading from. Scarcely had the Imperial party retired when the crowd—undeterred by the police—made a dash for the platform, and soon no vestige of the chair was left. Its remnants are, no doubt, reverently preserved in many a humble household to this day. The Osaka-Kobé line followed, both being built under British supervision, and the system of carefully laid roads and solid work still continues.

The year 1875 was signalized by the much regretted departure of the Royal Marines and of a body of the French *Infanterie de la Marine*. The R. M. L. I. had garrisoned the camp on the Bluff concession in Yokohama since August, 1871, and had so identified themselves with the recreations and the social life of our community that their absence was keenly felt. They were preceded by battalions of the Tenth, Ninth and Twentieth regiments, and a corps of the R. M. L. I. in the early days of the settlement, when the disturbed state of the country and the assassination of some of the foreign residents rendered such protection necessary. For some time previous to 1875, however, all danger to life had been reduced to a minimum. A dinner to the men of both corps, and a ball in honor of the colonels and officers, were given, many Japanese officials assisting at the latter. Few will have forgotten the gallant sight as the troops marched down the Camp Hill and the Bund to the pier on the morning of March 6, to the music of the fifes and drums and the cheers of the friends they left behind them.

About this time the more advanced Japanese raised the question of the abolition of the "dai-sho"—the two swords carried still by the old Samurai class. They were now unnecessary and an ever present incentive to bloodshed. So the Government convened a gathering in the capital of representative members of the Han, or leading Daimiates, which were abolished in 1868. The proposal was vetoed by an overwhelming majority. A few months later an Imperial decree threw the privilege open to all and sundry. The effect of this adroit move was soon apparent. The Shizoku, as the official and military class of the old régime are now called, were so disgusted at seeing these time-honored weapons borne by riff-raff that they began to leave theirs at home. Moreover, they found the relief from the sheer weight of the dai-sho, and the inexorable etiquette and ceremony associated with them, so welcome that the reaction became more and more marked. Then, at the right time, another decree abolished the carrying of weapons by all except the military and naval forces, and the police after December 31, 1876, to the satisfaction of the whole nation. Another memorable reform at this period was the discontinuance of the "mage," or top-knot, and the adoption of the

Western style. This change was very rapid, such was the expense and inconvenience of the frequent head shaving, fixing and anointing at the hands of the barber.

In 1877 a serious rebellion broke out in the warlike province of Satsuma, in Kyushu. Space does not admit of dwelling here upon the causes that led up to the outbreak. Saigo Takamori, a warrior of great prowess and noble character, was the leading spirit. The modern Japanese army was then in its infancy; the soldiers had seen no active service of any magnitude, and were unaccustomed as yet to the rifle in actual warfare. The shortage of men was so great that the veriest boys were sent to the front, only to perish by the trenchant blades of the fierce and seasoned fighters of Satsuma. After the lapse of a few months, however, the rebels were hemmed in and defeated at Shiroyama, near Kagoshima, the capital of the province. Saigo, Beppu Shunsuke, and other leaders were killed or died by seppuku (harakiri), in keeping with ancient custom. The loss of Saigo was lamented by the whole nation, and not the least by his opponents in arms, his old comrade, Admiral Kawamura, reverently washing the severed head at the last painful scene following on victory. Any photographs of this remarkable man which may have existed must have been impounded, for it was impossible to procure one.

An extraordinary story went the rounds, for the truth of which I cannot vouch, but it is distinctly *ben trovato* and very redolent of the scarcely defunct feudalism. The rifles were discarded to a large extent, as the Satsuma men were wont to wait for the volleys, rush in through the smoke, and sabre the inexperienced rifle men. It was decided to meet them with the old weapon, and a *corps d'élite* was mobilized in Tokyo. The call was well responded to, and by none with more alacrity than the men of Aizu. This was the last clan to succumb to the Imperial forces when the Satsuma and Choshu troops invested and reduced the castle of Wakamatsu in 1868. It was not so much that the swordsmen of Aizu loved the new Government as that here was a chance for a vendetta against their former conquerors, and well they did their work.

From now on progress continued undisturbed. Colleges, schools and museums were founded, and exhibitions came fast and frequent. The army was trained under the German system with all its iron discipline, while the navy continued to follow, as from the first, the British lead. The University and Engineering College, staffed by professors and scientists of the first rank from Europe and America, took the place of the first rank from Europe and America, took the place of the Kaiseijo. Yokosuka, in Tokyo Bay, was selected as the site of a naval station and dockyard, with a French director and staff. Great progress was made also in sanitary matters, notably the introduction of compulsory vaccination, which effectually stamped out the national scourge of smallpox. A few years ago I was the guest, in this country, of a Japanese naval officer, at a dinner where some twelve or fourteen Japanese were present. The conversation turning to this subject, I remarked that on my arrival in Japan in 1871 a large number of all classes were pitted with smallpox, "whereas now, gentlemen," I added, "I look round this table, and not one of you has a trace of it."

A setback to finance was experienced at the end of the seventies owing to the reckless starting of numberless so-called national banks and issues of paper money, which reduced the yen to little more than half its face value. With the advent to office of Mr.—now Count—Matsukata matters took a turn for the better, order was evolved out of chaos, and the currency slowly recovered the lost ground.

In the early eighties the persistent fall in silver began to affect imports from abroad unfavorably. When exchange touched 3s. 6d. for the silver yen and Mexican dollar, we who could recall the rosy days of 4s. 8d. and upward laughed at the absurdity of the thing and looked for a speedy rise. But in vain. Down, down, went silver. Japan adopted a gold standard, and the silver yen today is quoted at 2s. to 2s. 1d. Here was Japan's opportunity for the betterment of her industries. Silk filatures and cotton mills sprang up quickly, clean "books" of the finest raw silk replaced the exasperating old "nibbed" and tricky hanks, to the great relief of the foreign silk inspector. The former fine business in shirtings, yarns and other Manchester goods went from bad to worse, though woollens continued to hold their own. A cutting down of staffs and salaries in foreign hongs resulted, and there came a marked reduction in the scale of living.

At the end of the seventies the navy made a decided advance, beginning with the protected cruiser Tsukushi, followed by the Takachiho and Naniwa, and then, in 1892, by the Matsushima, the flagship at the Yalu battle in 1894.

After a short but sharp contest in freights and passenger fares between the Mitsu-bishi and the Kyodo companies the present fine service of the Nippon Yusen Kwaisha was formed, which has progressed ever since, to the loss of foreign shipowners, and carries the "Hi-no-maru" flag to the ends of the earth.

Limited space prevents any detailed account of the growth of commerce in Kobe, as of the events of recent years, such as the China and Japan war in 1894, the Korean troubles, and the events which led to war with Russia. Moreover, these matters are well within the memory of all.

With two wars in one decade it is not surprising that the cost of living is a good 75 per cent. higher than it was in *statu quo ante bellum*.

In 1899 came the great change, the coming into effect of the new treaties, with a higher scale of customs duties and the abolition of extraterritorial jurisdiction. Thus the magisterial functions of our consular officials ceased, which, I imagine, they do not regret. Moreover, the scope of the service has largely increased by the posts created in Formosa, Korea and the Philippines.

In Japan railway, telegraph and telephone lines are spreading rapidly. There is a fine system of electric tramways in Tokyo and other places, not excluding the almost sacred precincts of Kamakura and Koshigoye. The passport is no longer necessary, and the country is open to the foreigner for travel, without let or hindrance.

The old Japan has passed away in many respects, but lives still upon the stage, in the home life, and, above all, in the rural districts, which are still much as described in the pages of Kaempfer. Despite all outward manifestations, Japan remains intensely conservative.—*London and China Express*.

## THE IMPORT TRADE.

One of our local contemporaries published an article recently dealing with the import trade. Some excellent ideas and much useful information were given, but one rather serious error was made. It was stated that the old heavy stocks of nearly all articles had been slowly but almost entirely cleared. China was compared to a convalescent who had passed through the crisis. While it is not desirable to represent local conditions in an unduly gloomy light, the reverse would be equally harmful, for home papers are always ready to reproduce extracts from newspapers in the Far East. The consequence of an article, such as the one referred to, might be that a batch of commercial travelers at once would be sent here, where they will not be needed for many months, at least. The fact is that the stocks in Shanghai approximately are sufficient for eight months; with goods held in the interior and those about to arrive added, there would be no danger of any real shortage occurring even if no fresh orders were given until next May.

During the last year the statement has been made and published several times that importers considered a ten months' supply was not too heavy for such a market as ours. One importer went so far as to say that short stocks (say two months') would be a real danger and famine prices the consequence. Experience does not support that view; but if such a contingency were possible what a grand opportunity would be presented for the piece goods firms to recoup the heavy losses of 1907-8. But why should the Shanghai market be more able to carry heavy stocks than markets elsewhere? Shanghai is not a place where large stocks are consumed; it is a distributing centre; its business is to supply to all the smaller outside markets the goods required. The ideal state for such a market would be to carry no stocks at all, but to transfer all arrivals at once to the interior. Like most ideals this one is impossible, although the requirements of the consuming centres are fairly regular. Demand occurs at the two seasons when new summer and new winter clothing is required. It would be impossible to regulate imports on a perfect basis, because the business is done by so many people working independently; consequently there always will be a certain amount of stocks not wanted at the moment. And these ought to be kept as small as possible, in view of the fluctuating currency. With a drop in silver such as we are now experiencing only a decided scarcity of goods could rule prices up to a payable basis. Large stocks of goods settled at a higher rate will make impossible for months or years the sale of new goods of the same level which have to be settled at much lower rates. Thus when importers must sell (which is always the case with some hong) disasters are the natural consequence. It would not be going too far, perhaps, to say that of all markets in the world those of China in general and Shanghai in particular are the least able to carry heavy stocks.

The question then arises as to what method could be adopted to prevent accumulations of stocks. More than one attempt has been made by importers to arrive at a satisfactory arrangement, but none has been deduced so far. Bargain money for new orders cannot be obtained, for the

very best Chinese hong is neither willing nor able to pay bargain money, and foreign merchants are always quite ready to book their orders. At the present time all the second and third class dealers, being bankrupt, are not likely to cause much trouble in the future unless absolute carelessness is shown in dealing with them.

The new system—if one can be evolved—must be a natural consequence of present conditions, for foreign banks and exporters at home have had a lesson that ought to make them more careful, too, in the future. There are from ten to twenty reliable Chinese dealers left in the market; they will give their orders to some of the hundreds or more importers, and the foreign hong who do not participate in these orders must either close their piece goods trade or carry on speculatively. It remains, therefore, for importers, whether they import goods for Chinese or on their own account, to watch the market closely and not to order any goods that cannot be disposed of, beyond doubt, in the interval. To be able to do this both knowledge of the details of the market requirements and judgment are necessary; and without these qualifications no one can expect to carry on trade successfully in this market and avoid becoming the prey of travelers, compradores' shroffs and weak dealers. The one thing we may reiterate, is to avoid accumulation of stocks. Shanghai cannot carry stocks on account of the currency.—*North China Daily News.*

## JAPANESE SPINNING PROFITS.

Consul John H. Snodgrass forwards from Kobe the following clipping from the *Japan Chronicle* relative to the cotton yarn industry of that country:

The cotton spinning industry in Japan enjoyed extraordinary prosperity for some three years. The aggregate net profit of the various companies for 1905 amounted to \$6,500,000 gold; it reached nearly \$7,500,000 in 1906; and was \$8,000,000 in 1907. In other words, these companies cleared a net profit on an average of more than 40 per cent. on the paid up capital in 1905 and 1906, and of over 30 per cent. in 1907. Up to 1904 the profit of the spinning companies had been comparatively small, and no repayment of the fixed capital had been practically carried out. During the three years under review no less than \$5,325,000 was appropriated toward the refunding of the fixed capital. During the same period the amount of the reserve fund, which totaled only \$3,000,000 at the end of 1904, increased to \$11,500,000. The Japanese spinning industry thus enjoyed an unprecedented prosperity during these three years.

During the second half of 1907, however, a reaction began to manifest itself, and the depression reached its height in the first six months of 1908. The total net profit of all the Japanese cotton spinning mills for the first half of 1908 amounted to only \$1,685,000, or one-half the profit realized in the second half of 1907, and two-fifths as compared with the corresponding period of last year. The average rate of dividend for the term was only 11½ per cent. Of the twenty-eight companies six suffered loss, while ten had to be content with no dividend, or were barely enabled to pay a dividend by means of the balance brought forward from the last account. Only eight out of the twenty-eight mills were able to carry out the repayment of fixed capital to a more or less extent.

Generally speaking, however, the spinning companies are now on a much sounder basis than they were three years ago, remarks the *Tokyo Keisai*, on account of the appropriation of \$5,325,000 toward the redemption of fixed capital and of \$8,400,000 for the reserve funds. It may be presumed that they will have sufficient financial power to successfully tide over the existing depression.



## DUTIES ON CHINESE RAILWAY MATERIALS.

Consul General E. T. Williams reports that contracts entered into by a number of railway companies with the Chinese Government provided that railway materials required by those companies may be imported free of duty. This has led, however, to a demand on the part of other railway companies not legally entitled to this privilege for similar treatment, with the result that all railway material so far imported into China has been admitted free. Chinese officials now seek to put an end to this practice, as seen from the following quotation from the *Pei Yang Kuan Pao* of August 26, 1908, an official newspaper published at Tientsin by the provincial government, transmitted by the consul general.

"On the 2d of the sixth moon (June 30, 1908) the High Commissioners of Customs, together with the Board of Finance and the Board of Military Affairs, memorialized the Throne, asking that a limit be set to the exemption of the various railway companies from the requirement to pay duty on railway materials imported, and received an imperial decree to the effect that, 'Inasmuch as such exemptions are daily increasing, a limit ought to be fixed; but that, since in some cases the exemption has already been arranged for in the conventions and contracts approved by the Throne, and in others granted only on special request by imperial edict, a distinction must be made between the two classes; and that, therefore, the High Commissioners of Customs, the Board of Foreign Affairs, the Board of Finance, and the Board of Posts and Communications are directed to jointly investigate the subject and report thereon.'

"In reply to this the above mentioned boards reported in substance as follows:

"The lines whose exemption from taxation is already fixed by convention or contract are the Peking-Hankow line, the Chengting-Taiyuan, the Kaifeng-Honan, the Taokou-Chinghua, the Chinese Eastern Railway, the Dongdang-Lungchou, the Laokay-Yunnan, and the Shanghai-Nanking lines. As for the Imperial Railways of North China (Peking to Mukden) and the Kiaochow-Tsinan lines, although their exemption from taxation is not fixed by convention, the High Commissioners of Customs in their memorial of October, 1906, represented them as involving international relations and as requiring exceptional treatment; therefore,

"The present memorialists find no obstacle to the granting of the original petition of the High Commissioners of Customs, the Board of Finance, and the Board of Military Affairs, inasmuch as the said petition includes none of these exceptional cases and the granting of it will not lead to any international complications. They therefore recommend that other railways proposed or completed, and railway supply companies, be granted exemption for the period of three years from the date of the granting of their charters, and that afterward they be required to pay duty on materials imported according to the rates for public property. It is also provided that food supplies for laborers on the various railways shall not be included in the exemption, but be required to pay the usual duties. Stringent measures are to be taken to prevent smuggling and misrepresentation under cover of the exemption laws. If at the expiration of the three-year limit the exigencies of any particular line

should require it, the boards will again memorialize and ask exceptional treatment.'"

The consul adds:

In accordance with this decision all railway materials for any of the lines except those mentioned will be charged duty after three years from the date at which the charter of the line concerned was granted. This period has already passed in the case of some. The rates for public property are the same as for private—i. e., articles on the classified list will pay the specific duty; for instance, rails, Hk. Tls. 0.125 per picul, or 8 cents United States per 133 pounds, while articles not on the list will pay 5 per cent. ad valorem.

Of the railways mentioned as exempted, the Peking-Hankow line has been built and is managed by Belgians; the Chengting-Taiyuan line into Shansi was built on a loan from the Russo-Chinese Bank; the Kaifeng-Honan line is contracted for on a Belgian loan; the Taokou-Chinghua line is built by a British syndicate; the Chinese Eastern Railway is the Manchurian system, now partly Russian and partly Japanese; the Dongdang-Lungchou and the Laokay-Yunnan lines are French, and the Shanghai-Nanking road British. The Imperial railways of North China have been constructed by British capital, but are managed by the Chinese themselves. The Kiaochow-Tsinan line is the German line in Shantung.

The companies specifically mentioned as not entitled to exemption, but as being granted it for three years only from the dates of their respective charters, are "The Railways of Kiangsu and Other Provinces," "The Canton-Hankow Railway," "The Peking-Kalgan Railway," "The Hsinchang-Ningpo Railway," "The Heilungchiang Railway," "The Swatow-Chaotow Fu Railway," "The Szechuen-Hankow line," and other lines in Hupeh; certain companies engaged in the manufacture or import of railway materials, such as "The Yangtze Company," the railway shops of Kuantung, Hunan, Hupeh and Szechuen, and the "Nanking Locomotive Works." To these is added the "Peking Water Works Company." The line under construction from Tientsin to Pukou (Nanking) is mentioned separately as having petitioned for exemption, and as having also been granted three years' exemption.

## COTTON GOODS IN INDIA.

Consul General William H. Michael presents the following review of the cotton goods situation in India, writing from Calcutta under date of September 3:

During the last year the textile industry in India has suffered depression with that of Lancashire, and for that matter with that everywhere. A writer says that the weavers of India have earned large profits and will continue to prosper owing to the impetus received by the native industries; that a number of mills have suffered severe loss on their yarn output. This is difficult to understand, inasmuch as the hand loom industry mainly represents the Swadeshi enterprise, and they consume the yarn made by the mills and not the product of the weaving mills. This same writer states that the stocks of cloth produced during the year by the Bombay Cotton Mills, sold and on hand, amounted to 120,000 bales. This does not include the product of the Ahmerabad mills. The opinion is that these heavy stocks, for which there is slow demand, will force the price down at least an anna (2 cents) a pound, or low enough to meet the 25 per cent. reduction of Lancashire goods.

Dhoties have already gone down 25 per cent. to meet the Lancashire cut. The cotton crop in India is reported good, and the American crop good and large, and it looks at this time that cheaper raw cotton in abundance would force the prices of piece goods still lower. Long staple cotton in India has already fallen in price about \$6.66 per 560 pounds, and some brokers say it is bound to go still lower. The reduction of wages of mill hands and the decline in the price of raw cotton will very likely result in forcing prices of manufactured cottons still lower.



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# Journal of The American Asiatic Association

VOL. IX.

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All communications relating either to the reading matter of the JOURNAL or to its advertisements should be addressed to

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New York City.

THE twelfth annual meeting of the Association for the reception of reports and the election of officers for next year will be held in the committee room of the Chamber of Commerce of the State of New York on Thursday, October 21, at 3:30 p. m. The great increase of interest which has lately been manifested in the relations between the United States and the countries of the Far East obviously enhances the importance of the work of the Association, and tends to increase its influence. As the accredited source of information in regard to the affairs of the countries of eastern Asia, and the official medium of communication between Americans interested in the commerce of these countries and their own Government and people, the Association has a well established place among the great public organizations of the United States. While there are happily no questions pending between us and China or Japan which vitally concern the position and prospects of our trade, there are not lacking subjects which might profitably be discussed at the annual meeting of the Association. A free interchange of views in regard to the conduct of the work of the Association is always desirable, and the Executive Committee will find its hands strengthened by suggestions from members as to the ways in which the influence of the Association can be most effectively exercised.

A FULL report will be found elsewhere of the speeches delivered at the Annual Dinner of the Association. All of them are pitched in a key of moral and intellectual elevation which serves to make the occasion notable, and, taking cognizance as they do of the new era which is opening in our relations with China, they form, collectively and severally a contribution of unusual value to the study of the problem of the Far East. The guest of the evening was the recipient of compliments as discriminating as they were sincere, and Mr. Crane's just appreciation of the nature of the task before him entirely justified the confidence which all of his friends have expressed in his discrimination and sound judgment. To go to China to carry out the spirit of Mr. Taft's Shanghai speech is not so simple a matter as it might seem, but it will be the easier for our Minister at Peking to translate the address of Mr. Taft into the formulas of diplomacy, that its author occupies the place of President of the United States.

It should not be forgotten that what Secretary Taft declared at Shanghai to be the policy of the United States was that which had been formulated seven years before by Secretary Hay. To seek the permanent safety and peace of China, the preservation of Chinese territorial and administrative entity, the protection of all rights guaranteed by her to friendly powers by treaty and international law, and, as a safeguard for the peace of the world, the principle of equal and impartial trade with all parts of the Chinese Empire, is a compendious statement of our attitude toward China on which it would be difficult to improve. But there were some points which Mr. Taft emphasized in the course of his address which go to make what may be called the characteristically American view of the situation in China. Mr. Taft was entirely frank in his declaration that the American Chinese trade is sufficiently great to require the Government of the United States to take every legitimate means to protect it against diminution or injury by the political preference of any of its competitors. While recognizing the fact that we cannot complain of loss of trade effected by the use of greater enterprise, greater ingenuity, greater attention to the demands of the Chinese market and greater business acumen by our competitors, he made it plain that we should have the right to protest against exclusion from Chinese trade by a departure from the policy of the open door. Then followed a statement whose significance Mr. Crane will be the last of all men to minimize: "How far the United States would go in the protection of its Chinese trade no one of course could say. This much is clear, however, that the merchants of the United States are being aroused to the importance of their Chinese trade, that they would view political obstacles to its expansion with deep concern, and that this feeling of theirs would be likely to find expression in the attitude of the American Government."

ON the general question of the attitude of the United States Government toward the financial and commercial interests of its nationals in China, the speech of General Hubbard was highly suggestive. Commenting on the new energy shown by the Administration in securing for the American group of bankers a share in the pending Chinese railway loan, he pointed out that this indicates the existence of an active interest on the part of our Government in the development of business in China. It indicates further that the Government means to stand behind those who are working for that purpose; that it is going to help the new Minister not only as it usually helps its ambassadors and ministers abroad, but with more direct and more cogent assistance. General Hubbard is entirely correct in the assumption that the result of the efforts of Mr. Crane and the Government must depend upon the treatment which the latter extends to its own citizens and to the Chinese. In exacting respect for its own citizens it should be actuated by the rules that it enforces against others. That is to say, it ought not to countenance monopolies; it ought not to give privileges, it ought to do equal and exact justice to all. Considering that China has not more than begun its borrowing for railroad construction, there is special

force in General Hubbard's contention that if the United States is to guarantee or to assure to China the strength of the lenders of some part of the money that China needs, it must have lenders on whom it can rely. So far those selected have been of the highest financial strength and responsibility, but, as General Hubbard very properly adds, let us hope that the selection of some does not exclude others, and let us hope that those who have for years been working in the Far East to develop commercial relations between the two countries will not be disappointed in the selection.

WE reproduce elsewhere the railway loan agreement which supplements the Anglo-Siamese Treaty, whose significance is perhaps not fully recognized in this country. The very important concessions made in the treaty with regard to jurisdiction are based on a recognition of the fact that Siam is starting on a course of development which will ultimately end in the emancipation of that kingdom from the principle of extra-territoriality. As the *Rangoon Gazette* points out, Japan has rid herself of this bondage; China has expressed a desire in that direction, and Turkey has shown herself under the new régime anxious to reopen the whole question and to discuss with the foreign powers the whole scope of her relations with the rest of the world. France began by making concessions in her treaty of Siam in 1907 in return for the cession of a good deal of territory. While, as the *Gazette* remarks, the exact arrangement entered into with Great Britain can hardly be said to grant all that was desired by Siam, it marks a very definite advance toward the complete emancipation of the Siamese administration of justice from any kind of foreign control. Opinions appear to differ somewhat as to the value of the railway loan agreement, but it is unquestionably as complete an arrangement as could be devised for assisting in the development of the peninsula right up to its junction with the solid mass of the Asiatic continent. Commercially speaking, it may not be immediately profitable, but there can be no question that its value for administrative purposes is well worth paying for. Already the construction work on this railway of some seven hundred miles, which is to be known as the "Royal Southern Railway," has been begun, and contracts are let for the work south of Petchaburi, in the north of the peninsula, and from Trang across the peninsula, east to Singora further south. In about twelve months the first call will be made for rolling stock, consisting of from twelve to fifteen locomotives and between three hundred and four hundred cars. These will be purchased by open tender. A contract for twenty thousand tons of steel rails has already been let. Curiously enough, there were no bids from the United States, although due notification was given and the price paid was a very good one. Incidentally, it may be remarked that our Minister at Siam, the Honorable Hamilton King, is a man who takes the closest possible interest in the material development of the country to which he is accredited, and who misses no opportunity to keep the Department of State fully informed as to the opportunities which Siam offers to American commerce and enterprise.

**Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States  
to China and Hongkong, during the seven months ending July 31, 1908 and 1909.**

**EXPORTS TO CHINA.**

Months. 1908.	Cotton Cloths.		Mineral Oils (Illuminating).		Wheat Flour.	
	Yards.		Gallons.		Barrels.	
January.....	1,558,137	\$117,654	4,130,529	\$290,075	25,991	\$100,328
February.....	1,323,320	86,016	5,557,246	344,315	41,968	164,104
March.....	5,203,069	323,061	15,878,620	1,475,370	112,510	405,197
April.....	7,237,119	407,477	5,743,270	626,554	54,389	192,578
May.....	10,699,661	620,347	16,510,370	1,408,938	12,229	45,578
June.....	8,579,909	509,503	21,600,784	1,719,948	1,929	7,574
July.....	12,875,988	745,822	18,680,160	1,567,131	20,163	73,439
Total.....	47,477,203	\$2,809,880	88,100,979	\$7,432,331	269,179	\$988,798

1909						
January.....	6,179,890	\$ 312,182	4,511,030	\$472,203	2,175	\$8,545
February.....	18,070,050	1,026,825	8,809,314	824,515	739	2,916
March.....	14,046,400	778,916	5,617,689	455,754	2,752	9,947
April.....	16,786,348	970,822	7,434,152	710,724	1,483	6,819
May.....	14,363,533	820,464	5,583,220	547,976	50	290
June.....	25,506,743	1,622,497	4,287,410	368,394	1,369	7,508
July.....	15,188,956	889,619	3,667,910	399,802	875	4,450
Total.....	110,141,920	\$6,421,325	39,910,725	\$3,779,368	9,443	\$40,475

**EXPORTS TO HONGKONG.**

1908						
January.....	33,055	\$ 6,586	.....	\$.....	78,140	\$298,671
February.....	16,555	2,691	.....	.....	44,743	171,538
March.....	16,403	2,476	3,389,710	227,055	27,396	105,350
April.....	74,647	10,113	.....	.....	66,290	256,589
May.....	21,282	3,973	2,842,000	312,218	118,505	409,684
June.....	2,000	185	.....	.....	83,898	307,728
July.....	74,730	11,950	750,000	81,750	42,569	162,421
Total.....	238,672	\$37,974	6,981,710	\$621,023	461,541	\$1,711,981

1909						
January.....	72,801	\$6,884	.....	.....	102,137	\$404,913
February.....	154,901	12,454	1,459,420	159,077	71,646	286,497
March.....	27,191	2,137	.....	.....	97,592	396,985
April.....	80,464	9,309	1,384,800	150,943	70,578	285,223
May.....	37,512	4,669	.....	.....	21,894	91,066
June.....	157,991	20,293	1,000,000	109,000	5,356	26,561
July.....	48,106	4,643	2,137,200	232,955	11,983	55,092
Total.....	578,966	\$60,389	5,981,420	\$651,975	381,186	\$1,546,337

DEPARTMENT OF COMMERCE AND LABOR,

WASHINGTON, D. C., August 31, 1909.

Bureau of Statistics.



# Imports of Tea and Silk into the United States for the seven months ending July 31, 1907, 1908 and 1909.

Imported from	1907.		TEA.		1908.		1909.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	4,824,254	1,175,723	4,388,374	1,041,286	9,224,469	2,110,399		
British North America....	1,381,276	337,970	1,343,135	352,747	3,569,700	791,447		
Chinese Empire.....	14,830,537	1,827,624	9,609,277	1,315,143	14,877,969	1,434,081		
East Indies.....	3,294,830	566,876	3,193,232	530,389	6,090,719	926,712		
Japan.....	11,114,815	2,024,707	13,460,591	2,437,296	21,273,410	3,921,518		
Other Asia and Oceania ..	301,466	47,038	327,403	47,586	276,260	34,461		
Other countries .....	238,849	59,858	161,622	70,849	524,306	95,011		
Total.....	35,986,027	6,039,796	32,483,634	3,795,296	55,836,833	9,313,629		
RAW, OR AS REELED FROM THE COCOON.								
Imported from	SILK.							
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	371,499	1,540,990	200,815	686,292	446,310	1,412,294		
Italy.....	2,056,040	10,229,837	1,702,462	6,434,933	2,863,844	11,146,123		
Chinese Empire.....	1,662,141	6,013,835	1,276,930	3,308,015	2,680,318	6,636,008		
Japan.....	3,862,874	18,233,134	4,970,251	17,506,929	6,512,841	22,757,484		
Other countries .....	91,568	389,161	23,996	88,364	83,135	309,637		
Waste .....lbs...free..	1,269,330	824,041	551,090	390,960	1,263,072	711,350		
Total unmanufactured	9,313,452	37,230,998	8,725,544	28,415,493	13,849,520	42,972,896		

## THE ANGLO-SIAMESE TREATY.

The Selangor *Government Gazette* of July 30 contains the following:

### AGREEMENT.

This Agreement, made this tenth day of March, 1909, between the Government of the Federated Malay States (hereinafter called the lender) and the Railway Department of the Kingdom of Siam (hereinafter called the borrower).

Witnesseth as follows:

1. The lender agrees to advance to the borrower a sum of money not to exceed four million pounds (£4,000,000) sterling on the terms and for the purposes hereinafter mentioned.

2. The moneys received by the borrower under this agreement shall be devoted to the construction, equipment, maintenance and operation of the railways of the borrower in the Siamese dominions of the Malay Peninsula. These objects shall be held to include such matters (for example, telegraph and telephone lines, terminal wharves, etc.) as are usually incident to the construction, equipment, maintenance and operation of railway lines.

3. The above sum shall be paid to the borrower in London in partial payments, as demanded by him from time to time; provided, however, that the demands so made may not exceed a total of seven hundred and fifty thousand pounds (£750,000) in any one year. The lender also reserves the privilege of notifying the borrower at any time that in future he will require three months' written notice of any demand for such partial payments.

4. The borrower shall pay interest at the rate of four per cent. (4 per cent.) per annum of the moneys actually received by him from time to time. Interest shall run on the respective partial payments from the date they are received by the borrower. Interest shall be payable at half yearly intervals, that is to say, on January 1 and July 1 in each year.

5. Payments of interest and principal shall be made in London.

6. The amortization of the loan will be effected within a period of forty years by yearly annuities according to the table attached to this agreement. The first redemption will take place within fifteen years from the date of this agreement.

At any time after the expiration of ten years from the present date the borrower shall have the right to redeem at par all or any part of the principal remaining unpaid.

In case, however, the borrower intends to anticipate redemption by larger payments than those provided for by the table of amortization, he shall give three months' notice to the lender.

7. For the repayment of the principal and interest due under this agreement the borrower pledges as security the sections of railway, above referred to, as those sections are successively constructed. If, therefore, at any time the borrower fail to pay any sum, whether of principal or interest, due by him under this agreement, and if such default continue for a period of not less than six months, the lender shall be at liberty to enter into possession of the sections of the railway then completed under this agreement, and to work the same until the default has been made good. The net profits obtained by the lender from any such working shall be set off against the indebtedness of the borrower.

8. Since the proceeds of this loan are to be used for the specific purpose mentioned in Section 2 hereof, it is agreed that, until the completion of the construction of the lines to be built under this agreement, the construction, equipment, maintenance and operation of those lines shall be kept distinct from that of the other railways of the borrower.

9. The borrower shall keep such books and accounts as shall be necessary to show the amount expended by him from time to time out of the sums received by him from the lender under this agreement. These books and accounts shall be open to inspection by the lender at all reasonable times, so that he may satisfy himself that the moneys advanced by him have been applied to the purposes for which they were lent.

The Railway Department of the Federated Malay States shall be at liberty to inspect the plans, showing the route along which the railway is proposed to be constructed, the sections, specifications and estimates of the cost of the railway, and the number and locality of its sidings, stations, level crossings, goods, sheds, signal stations and other works from time to time, as the survey and preparation of working drawings proceeds.

In witness whereof the parties hereto, acting by their duly authorized representatives, have hereunto set their hands on the day first above mentioned, at Bangkok.

For the Government of the Federated Malay States,

RALPH PAGET.

For the Railway Department of the Kingdom of Siam,

DEVAWONGSE VAROPRAKAR.

## ELEVENTH ANNUAL DINNER OF THE ASSOCIATION.

The eleventh annual dinner of the Association was given at Delmonico's, Fifth avenue and Forty-fourth street, New York, on Monday, September 20, 1909, at 7 p. m. The committee of the Association was aided in bringing together a notable assemblage of those identified with American interests in the Far East by representatives of the American group of Bankers concerned in the Chinese Railway loan, of the Standard Oil Company, and of the American Tobacco Company. Members and guests to the number of 165 sat down to dinner.

The Honorable Charles R. Crane, Minister of the United States to China, was the guest of honor of the occasion.

The chair was occupied by the President of the Association, the Hon. Seth Low. At the speakers' table were seated the following:

Hon. President Seth Low.  
Chas. R. Crane,  
Dr. Wu Ting-Fang.  
Att'y Gen. G. W. Wickersham,  
Gen. T. H. Hubbard,  
N. Murray Butler,  
Gen. Jas. H. Wilson,  
M. Hanihara,  
Prof. Benj. Ide Wheeler,  
Dr. C. C. Creegan,  
Judge Alton B. Parker,  
S. D. Webb,  
Wm. Skinner,  
Dr. Lyman Abbott,  
Richard Watson Gilder,  
John P. Finley,  
W. T. Jerome,  
M. E. Stone,  
Judge L. R. Wilfley,  
Prof. F. W. Williams.

R. Fulton Cutting,  
E. M. Shepard,  
J. J. McCook,  
J. B. Reynolds,  
John H. Watkins,  
John Stryker Hord.

## TABLE D.

James A. Moffett,  
Walter Jennings,  
W. E. Bemis,  
R. H. Hunt,  
R. C. Veit,  
Martin Cary,  
C. M. Everest,  
W. H. Libby.

## TABLE E.

J. M. W. Hicks,  
C. S. Keene,  
J. Fletcher, Jr.  
Junius Parker,  
J. T. Wilcox,  
W. S. Schroder,  
R. L. Patterson,  
R. B. Dula.

## TABLE F.

Robert Christie,  
D. R. Aldridge,  
Howard Ayres,  
Benjamin Strong,  
C. E. Gudebrod,  
Jno. W. T. Nichols,  
George Nichols.

## TABLE G.

Chas. A. Moore,  
J. W. Johnston,  
F. H. Leggett,  
Geo. B. Cortelyou,  
John C. Jay, Jr.  
G. H. Putnam,  
R. W. Gilder,  
H. A. Haines.

The occupants of the other tables were as follows,

## TABLE A.

F. A. Vanderlip,  
T. P. Shonts,  
P. M. Warburg,  
F. L. Hine,  
H. P. Davison,  
Chas. H. Sabin,  
William Salomon.

## TABLE B.

G. G. Allen,  
Julian Kennedy,  
Peter Arrington,  
Thos. F. Millard,  
C. K. G. Billings,  
W. W. Fuller,  
B. N. Duke,  
Geo. J. Whelan.

## TABLE C.

Jas. S. Fearon,  
C. R. Scott,  
C. D. Palmer,  
C. Lewis,

TABLE H.

C. F. Meyer,  
Philip Ruprecht,  
W. M. McGee,  
James Donald,  
J. I. C. Clarke,  
Dr. Robert Coltman, Jr.,  
H. A. McGee.

TABLE I.

Jas. R. Morse,  
Wm. H. Stevens,  
John Thompson,  
Geo. H. Macy,  
Hon. Chas. E. Littlefield,  
James A. Farrell,  
Edwin Hawley,  
J. W. Copman.

TABLE J.

G. F. Baker, Jr.,  
T. H. McEldowney,  
H. M. Kilborn,  
W. H. Sallmon,  
Theodore F. Miller,  
George Marvin,  
W. D. Baldwin,  
C. A. Conant.

TABLE K.

C. C. Dula,  
T. J. Maloney,  
H. D. Kingsbury,  
M. M. Wedbee,  
R. K. Smith,  
M. J. Condon,  
J. Peterson,  
Otis Smith.

TABLE L.

Dr. K. Asakawa,  
Prof. A. C. Coolidge,  
Albert Shaw,  
C. R. Miller,  
Rollo Ogden,  
Baron Schlippenbach,  
C. Gneist,  
E. L. Burlingame.

TABLE M.

S. A. Moritz,  
W. J. Westcote,  
A. E. Norden,  
Dr. S. A. Brown,  
A. H. Post,  
W. F. Stevenson.

TABLE N.

Wm. E. Beattie,  
E. A. Smyth,  
H. P. Durdan,  
J. W. Dorsey,  
C. Howard Metz.

TABLE O.

A. D. Walker,  
J. H. Rogers,  
E. H. Laing,  
W. S. Brown,  
H. B. Montgomery,  
S. L. Davis,  
K. J. Imanishi,  
Thos. A. Phelan.

TABLE P.

J. V. Matthews,  
W. R. Harris,  
Delancey Nicoll,  
A. N. Brady,  
H. M. Francis,  
S. M. Strook,  
Norman Hapgood,  
J. S. Phillips.

TABLE Q.

A. Cordes,  
John Foord,  
F. H. Kinnicutt,  
D. S. Schaurman,  
N. B. Day,  
Wm. A. Burns,  
Dr. W. P. Wilson,  
W. S. Harvey,  
E. B. Raynor.

TABLE R.

F. D. Waterman,  
W. H. Page,  
R. A. Suffern,  
C. Th. Smith,  
J. D. Whelpley,  
C. A. Green,  
Wingshin S. Ho,  
Prof. Isaac T. Headland.

TABLE S.

Rudolf Scherer,  
John R. Freeman,  
Capt. Alex. Ross Piper,  
C. D. Kidder,  
Roger Williams,  
Wm. A. Burns,  
W. H. Putnam.

## MENU

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Oysters.

Chablis.

Clear Green Turtle Soup.

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Sherry.

Radishes. Celery. Olives. Carciofini.

Timbales à la Rothschild.

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Kingfish Sauté Meunière.

Persillade Potatoes. Cucumbers with Peppers.

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Sweetbreads à la Bussy.

Mumm's Selected

Brut, 1900.

Green Peas with Lettuce.

---

Roman Punch.

---

Breast of Guinea Chicken Zingara.

Château Couffran.

Heart of Lettuce.

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Peaches Melba.

Assorted Cakes.

Cheese.

Coffee.

Liqueurs.

## SPEAKERS

THE HONORABLE SETH LOW,

President of the Association.

THE HONORABLE CHARLES RICHARD CRANE.

HIS EXCELLENCY DOCTOR WU TING-FANG.

DOCTOR NICHOLAS MURRAY BUTLER.

GENERAL THOMAS HAMLIN HUBBARD.

## ORDER OF SPEAKING.

The health of the President of the United States and that of the Emperor of China having been drunk with enthusiasm, the chairman read the following letter from President Taft:

BEVERLY, Mass., September 5, 1909.

MY DEAR MR. LOW—I have your letter of September 2, and greatly regret that I shall not be able to be present at the dinner to be given in honor of Mr. Crane on the eve of his departure to Peking as Minister of the United States to China. Our relations to China in the Far East, of course, are of great importance, and I am sure that Mr. Crane carries with him the spirit of friendship toward the great Middle Kingdom and her people, and the interest in their development, which correctly represent the feeling of our Government and our people toward China. I earnestly hope that his mission will have a successful issue, and I beg you to convey to him my sincere wishes for a pleasant voyage and patriotic and useful service.

Sincerely yours, WILLIAM H. TAFT.

Hon. Seth Low, President American Asiatic  
Association, Bedford Station, N. Y.

## "THE GUEST OF THE EVENING."

THE CHAIRMAN—It is a great pleasure to all who are here tonight, Mr. Minister, to have this opportunity of greeting you before you leave for China, and there are very many not here who join with us in wishing you success in your truly important mission. We think ourselves, and the country, fortunate that the President has been able to secure your services at this time; for we share the view that we believe to be his, that no greater opportunity for enduringly useful service exists today in the whole field of the diplomatic relations of the United States than is to be found in China. We congratulate you that this opportunity is yours, because we believe that you are singularly well equipped to render signal service to our country in that post.

By common consent the years that are now passing are years of momentous importance to China, and therefore to

all the nations of the earth. The great awakening of the Chinese people, as we of the Western world are sometimes tempted to call it, from the point of view of the Chinese can scarcely appear to be other than a revolution the most remarkable in their history. It is just about 400 years since the first Portuguese traders opened up commercial relations with that ancient empire. The civilization of China can be traced back, with no more than the usual amount of tradition, to a period coeval with the building of the Pyramids. The Grand Canal of China was begun 489 years before the birth of Christ. During this long period the territorial dominions of the Chinese were greatly extended from time to time, but until the sixteenth century they lived unknown to Western civilization, and unconscious of it. Ever since 1511, when the Portuguese traded with them for the first time, Western civilization has been knocking at the doors of China, only too often with ungentle touch, and Chinese civilization, until within the last few years, has constantly held it at bay. When one reads the history of the relations of the Western nations with this ancient empire he is sometimes tempted to wonder whether the Chinese name for a foreigner, of a "foreign devil," is not a name that is itself a definition, rather than simply an epithet of contempt. However that may be, two things stand out from history: The first is the marvelously impressive fact that for 4,000 years China has been sufficient unto herself. With her vast population, without curiosity as to the rest of mankind, she has been content to live and to let live. The second fact, not less impressive, is that after 400 years of contact the aggressive civilization of the West has broken down the centuries old barriers of Chinese isolation, until, in this day in which you and I are living, China herself is striving to find out what Western civilization is able to give that she will value. I return to my figure of the Pyramids. Napoleon said 100 years ago to his soldiers, drawn up at the base of those monuments of ancient Egypt, which Webster called "The Mother of Nations," "Forty centuries look down upon you." How should we feel if the Egypt of that remote and forgotten day were asking of us guidance and light? I think we should feel, as we ought to feel toward China, the contemporary of that ancient Egypt, that we must give to her the very best that we have. (Applause.)

I conceive, therefore, that the interests of the United States in China far exceed our trade relations with that country, great and important as these surely are. Good trade relations we ought certainly to cultivate and advance; for it is still true, as it always has been, that commerce is the handmaid of civilization. Business intercourse, to be possible, involves the maintenance of peace; and business intercourse, to be permanent, must rest on a basis of mutual advantage. You may trade with a man once upon the basis of getting all the advantage for yourself; but no permanent business relationship can be built up on any such one-sided terms. The sort of commercial relationship which the United States wishes with China is of that honorable kind that may endure definitely, because it involves advantage to both sides. It has been to me, and I believe it has been to all the members of

the American Asiatic Association, and, as I think, it has been to the great body of our countrymen, a matter of profound gratification that this Administration has taken the attitude that it has in regard to the recent Chinese Railway loan. Very much more is involved for China, and for the United States, than the mere participation in that particular loan, or any other loans like it that may follow. The Arctic current starting from the Polar seas sweeps along the Northern American coast, making the water cold, and so affecting the land climate as to give to the Eastern shores of Canada long and severe winters. The Gulf Stream, on the other hand, starting from the Gulf of Mexico, carries its warm currents around the North of Scotland, only disappearing at last beyond the North Cape. The effect of the Gulf Stream is to give to the British Isles a delightful climate, although they lie so far to the north that Aberdeen, in Scotland, and Sitka, in Alaska, are in the same latitude. In other words, both currents carry with them wherever they go the influence of their place of origin, and this is precisely as true of national influence as it is of the influence of ocean currents. Whenever American influence is felt it will be the influence that is characteristic of America; and he is a poor American indeed who will believe for one moment that China, in its great awakening, should be deprived of the uplifting and illuminating influence that is characteristic of our country at its best. Already the United States stands for the integrity of China as an administrative entity; already it stands for the open door in China—a phrase that surely means that China is not to be exploited in the interest of any one country, however powerful; but that, in opening their minds to influences from without, the people of that ancient empire shall be free, not only to trade with, at their pleasure, but to learn from, at their pleasure, all the nations of the world. Already the United States stands for that sort of education in China which, in the hither East, has commended and is commending itself to the wonderfully diverse populations of Turkey. Already the United States, in the hour of China's need, when she was suffering from famine, has more than once displayed toward her that touch of nature that makes the whole world kin. And only recently our country has returned to China many millions of dollars out of the Boxer indemnity, because we have felt that the amount paid by China was excessive. The response made to this action is characteristic of the old China and worthy of the new China that is being born. She proposes to use the money so returned to send Chinese students to the United States and maintain them here, to the end that her people may know more about a country whose idealism leads it to act in that way. (Applause.) Where is the American who does not rejoice at influences such as these exercised by his country upon a China that for the first time in 4,000 years is trying to learn what the Western world has to teach? (Applause.)

Mr. Minister, it is your privilege to represent in China the vitally important commercial interests of the United States already established, and to be established, in that vast empire, and it is also your privilege to represent there all that is best in the United States (applause); all its

idealism, all its love of peace founded on justice and mutual respect, all its belief in education, all its readiness to learn. Yours would be an unhappy task if there were essential conflict between these two things. It shall be the business of the members of this Association so to conduct their commercial affairs that they shall strengthen and not weaken your hands when you are striving to uphold and develop the commercial relations between the United States and China, and when you are striving to increase the just influence and weight of your country in the Far East. (Applause.) I congratulate you that you are going to a China that has at least the beginnings of a public school system based on the Western knowledge; to a China that is actively striving to destroy the miserable traffic in opium; to a China that is abandoning the cruel deformation of the feet of its little girls, and to a China whose mind is opening wider every day to everything that is really good news from the West. Mr. Minister, you take with you all our good wishes. When you return, may you be like Wordsworth's "Happy Warrior," "the warrior that every man in arms would wish to be." (Prolonged applause.)

#### RESPONSE OF HON. CHARLES R. CRANE.

With the opening of this century the war between Russia and Japan brought the Pacific into view as a centre of great political importance. The result of that war gave Asia the greatest moral shock it has had in centuries. The war was followed by the uprising in Russia. The uprising in Russia was followed by the revolution in Turkey, and the revolution in Turkey by the revolution in Persia, and these were all followed with a feeling of great unrest through India.

Toward the end of the last century there was rather a widespread opinion that China was on the eve of breaking up. She certainly was menaced externally and internally; but in 1907 a distinguished American citizen proceeding to the Philippines was asked to speak in Shanghai. I should like to quote all of this speech and advise you all to read it and to reread it, but for the time being I shall only quote one paragraph, as follows:

"China has no territory we long for, and can have no prosperity which we grudge her, and no political power or independence as an empire, justly exercised, which we would resent." (Applause.)

The result of this speech was to give heart to the Chinese people, and through it our former Secretary of War, now President Taft, was instantly recognized as the great friend of China and the author of a helpful and constructive policy for the whole East.

With our Western country filling up with a fine strong body of men; with our extensive shore line on the Pacific, and our powers of production calling for outside markets, we are singularly fortunate at this moment to have at the head of our Government one who understands so well the conditions existing around the Pacific; one who has so profound a sympathy for the people struggling up toward the light, and one in whom these people have so much confidence.

As this is a century which belongs to the Pacific, and in which history is being rapidly made, it is of more importance that our President should be right about its problems than that he should be so about any of our internal ones.

The Shanghai speech was so frank and so clear, and sounded so much like one of good old Uncle Grover's, that I felt that possibly the Government might be safe in the hands of one Republican. (Applause.) Since that speech all talk of dismemberment of China has quieted down.

We believe that although China has great problems to solve, such as the administrative problem, the opium problem, the currency problem, the revenue problem, she is perfectly capable of solving them alone if she can be kept free from menace; and we also believe that if she increases in prosperity she will make a better market than if she deteriorates.

Of course, in this development she will require much foreign material, and in a perfectly legitimate and friendly way Secretary Knox has determined that we shall have our share.

It may not always be necessary to repeat the new form of holdup which our State Department has recently been so successfully engaged in—of forcing money on China.

When I was in China some thirty years ago the foreign business was largely in the hands of some fine old American houses. They have not prospered much in recent years, but with the new outlook and the new interest we have there I hope to see them get back to their former dominating position. (Loud cheers.)

During the century we shall need a market there, and we ought to be laying the foundations at the present time.

There is no mystery or secrecy about my mission to the East. I go there under the simplest form of instructions from the President and from the Secretary of State, to carry out the spirit of the Shanghai speech, and with a profound respect for and great confidence in the Chinese people, a great desire to serve well the people who send me so far, and pride in the spirit of the program to be carried out: whatever is for the prosperity and benefit of the Chinese, it is the best thing for us. (Prolonged applause.)

CHAIRMAN—I am going to ask you, gentlemen, to rise and drink a toast to the Chinese Minister to the United States, His Excellency Dr. Wu Ting-fang. (Loud cheers.)

#### DR. WU TING-FANG.

I feel extremely grateful for the toast proposed by your chairman and so cordially received by you. As the chairman has said, I am Minister to America. Well, gentlemen, I have just come back from Peru, to which country I am also accredited. I stayed there a little longer than I expected, on account of official business, and I want to say how extremely pleased I am to be able to return in time to join you, gentlemen, in doing honor to your distinguished citizen who is going to represent you in China. His Excellency has reminded me that we have met before, and I am glad to meet him here again, and I expect soon to meet him once more in my own country.

From his remarks just now it gives me great pleasure to hear of his kind feelings toward China. He is going to

represent your interests in China, and I have no doubt he will look after them faithfully. As the chairman has aptly said, in business relations we hope both parties may be benefited. The time has gone by when a nation puts up some peculiar interest of its own detrimental to the interest of other nations.

In the twentieth century we are becoming more civilized and better educated. The chairman in introducing Mr. Crane said that China was shut up for many centuries. Yes, my nation was closed to foreign commerce for centuries, as our people thought we had everything we wanted; that we did not want to have our doors open to foreigners, and at that time we did not think it necessary to have foreign intercourse. It was the feeling of some conservative statemen in China who thought that by allowing foreigners to come to China to trade it would be detrimental to the interest of China; yet this was not many years ago, only about half a century. We held to that view for many centuries, but circumstances obliged us to open our doors. We could not help it, our doors were forced open; but now the doors of China are wide open, and foreign trade and commerce are being carried on in China, and there is a commerce with the outside world, and our countrymen have begun to go to other countries to trade, and the foreign commerce of China has been increasing and is increasing every year.

You will therefore see that we have become wiser, and we now know it is good to have foreign trade. It is better to come in contact with other people in order to learn what we do not know.

Take the case of railways, to which reference has been made by our chairman. I remember that some years ago I was one of the first directors to build the first railway in China. Not many years ago, and I am glad to see a gentleman here who some years ago was in China, and while I was in Tientsin he made a survey, and he can corroborate me when I say that most of the statemen in China did not see the utility of constructing railways. As I said just now, I constructed the first railway, and I remember what difficulty I had. It was no use talking to my people about the advantages of railways, so I constructed a small road in order to show the people of China what a railway was. That being completed, in order to let the officials know something of railways, we thought it a proper time to construct a railway nearer to Peking, and we applied for permission and were granted a concession, and I with foreign engineers and some others began the survey of the road. When our survey was nearly finished an Imperial edict came to stop us on account of complaints made by different censors and officials against railways. That was not long ago—not more than twenty years. You therefore see that at that time the people did not think a railway was useful for China. There was a great variety of opinion about it. Some said the railway was bad for China; others said it was good, but not on the coast of China. Then others said railways should not be constructed to reach the capital seat of empire. Out of all the opinions given by various officials, 95 per cent. of them opposed railways. Now, what is the result? Nobody would say anything now against railways; we all know they

are good. So you see, gentlemen, the state of things which existed in China. China is different now from what she was. China is now open to all the world, and all we wish is reciprocity. China had to be compelled to open her doors to foreigners and foreign trade, and we now ask you to treat us justly and equitably. (Cheers.)

Your great President has been to China several times and to the Far East many times. No greater authority than he on subjects relating to the Orient. His policy is just and fair, and I am pleased that this important post of Minister to China has been conferred on this good citizen of yours. I feel sure he will go to China, as he said just now, to do justice to both parties.

I remember some years ago a gentleman representing a syndicate came to China for some concession, and we began to discuss the matter with him. This gentleman was a highly respectable man for whom I had the greatest regard, being thoroughly honorable, but he had no experience in Oriental affairs. During one of our first interviews he said: "We have come to China to make a little money. We are not philanthropists and have not come here for the love of China. We have come to get a concession."

Now, as soon as we heard this, that was the end of the negotiations. Of course, we know that foreign merchants go to China expecting to do business and to make a little profit, but it is unnecessary to declare that policy. (Laughter.) He might have said it in some different way; he might have said: "It is for the mutual benefit of both parties" (applause); then very likely he would have got the concession, with more to follow; but he was indiscreet and too blunt, and that was the end of it. Gentlemen, China is not like America, England or any part of Europe. We have been thought to be a peculiar people. We are peculiar in some ways—in politeness, civility and in manners. (Laughter.) Therefore you see when merchants come to China they ought to study the conditions, circumstances and manners of the Chinese, or what you may call the peculiarities of the people, and deal with them accordingly and justly. (Applause.)

As I said just now, I have recently returned from South America, and in going and returning I had the opportunity of passing through Panama, and the chief engineer there was good enough to show me over the canal works. I consider that canal a gigantic and wonderful undertaking, and when completed it will do great things for the world—not only for your country, but for the countries on the other side, South America and the other nations of the Far East. As we know, there is a great trade between this country and Europe; but who can anticipate what, when the canal is opened, the trade between the Orient and America will be—it may exceed the commerce and trade between this country and Europe in course of time.

Chinese trade, as I have been saying, is increasing every year, and when the canal is opened ships from New York will go right through and carry more goods not only to countries in South America, but across the Pacific Ocean to China and the Far East. My country has been opened but recently compared with other nations, and if you look

at the trade returns you will find business increasing every year. Trade is only in its infancy. We cannot tell what it will amount to; but if you are alert you will expand your trade with us tremendously.

Mr. Crane is going to my country, having had experience there, in Europe and other countries, and he will see for himself what China will be in a few years, and I congratulate you, gentlemen, on having one of such experience to go to China to represent you. In his hands your interests are safe, and I wish him every prosperity and success. I hope that in the near future I shall be able to congratulate him in his unqualified success.

Gentlemen, I will not keep you any longer, but before sitting down I must avail myself of this opportunity, because I may not have it again, as I may be leaving for China at no distant date. I see some of these gentlemen here who have been in China already, recognizing some of them as my personal friends in China. Gentlemen, I wish you all good luck, and if you come to China again I hope you will be fair and just and conciliatory, and not like the gentleman I before mentioned. (Loud applause.)

#### PRESIDENT NICHOLAS MURRAY BUTLER.

MR. CHAIRMAN AND GENTLEMEN—I shall be glad to speak briefly about both parts of that text. What I do not know is China; who knows it, is Mr. Crane. My only title to speak at all on this occasion is a very considerable, and I hope you will believe it to be a very commendable, knowledge of Mr. Crane. I have known him for a good many years, and it is no small pleasure to testify in this company that we may all congratulate the President and the people, without the slightest reserve, upon the selection that has been made in our new Minister to China. (Applause.)

Some of you do not know Mr. Crane as well as I do, and in spite of his presence I am going to speak for a moment about him.

Mr. Crane combines in a most unusual degree the qualities requisite for success as an American diplomat; especially does he possess the qualities most needed in the post for which he has just now been designated. We have all been told and have read, justly and truly enough, of his practical sagacity, of his business success and of his grasp of affairs; I want to assure you that he adds to all these the even more desirable characteristic of a fine, delicate sympathy and true sentiment, which will lead him to see into the mind of that mysterious people and interpret us to them and them to us in no small measure. If our Minister to China were to be simply a minister of commerce and labor his task would be of one sort and kind; but, going as he does as a minister of education and ideas, as well as a minister of commerce and labor, as a link between peoples and nations and traditions, it is a fortunate thing for us that the bearer of this responsibility is to be a man so well equipped on the intellectual and sentimental side as is Mr. Crane.

It is the fashion in these days to decry the diplomatic career, but I cannot share in that view. While the telegraph and the cable have, of course, entirely changed the routine of the diplomatic office, and have altered the daily life of the diplomat in no small measure, yet the very closeness

of our present international relationships has raised to new importance, new significance and new responsibility every slightest word and act of the man who stands before a great people as the accredited representative of another nation. I like to think that in the important negotiations between governments that are going on in Europe, in Asia and in America, special knowledge, skill and human sympathy are not less valuable than they once were, but more so. Mr. Root, while Secretary of State, truly said that in the conduct of international affairs the first duty of the statesman was to understand the point of view of the other side, because his task after all was not to gain advantage but to do justice. (Applause.) And this for the obvious reason that if advantage were gained unjustly it could be but temporary, while to establish a reputation for justice is to obtain a permanent advantage.

It is an interesting thing to follow the sweep of opinion in these days as regards our international relationships, and to observe the delicacy of the task of approaching the question of commerce as an aid to international good feeling and relationship. The great nations of the world appear without exception to be confronted today by urgent invitations to two opposing policies: the one, so to order their fiscal policy as to throw barriers about their international trade that they may protect their standards of living as well as obtain revenue; the other, so to expand their international trade and relationships as to gain wealth through successful international barter. It must be obvious that to respond in equal measure to these two conflicting policies is almost, if not quite, impossible.

Those among us who seem to believe that we can always sell abroad, but never buy away from home, are not, I think, the best friends of the prosperity, the standard of living, or the rate of wages in our own or in any other country. (Loud applause.) We have been told tonight with perfect truth that there was a time when every nation was deemed sufficient unto itself, and when its only outside relationships were those of friction and antagonism. That time has passed. The policies which distinguished it are outworn and useless. When we are preaching the open door to China, then Germany, France, Austria, Italy and the United States must not forget the complementary obligations which rest upon them. These great problems of international trade and finance are not likely to be solved by formulas, or by political battle cries, or by fustian. They will only be solved by a careful study of conditions in order that each nation may preserve its own ideals, its religious and ethical beliefs, its political methods and standards, its social organization and life, and yet make its contribution to the civilization, the trade and the progress of the world. The time has gone by when our ministers going to the other side of the world could be sent with any other message than one of invitation to a closer, more intimate, more just and more profitable intercourse of every kind. (Applause.)

Mr. Crane is going to what I have called the other side of the world. I wonder whether, when Mr. Lowell, thinking of the civilization which has its home on the other side of the Atlantic, spoke of a certain condescension in foreigners, he did not have it in mind that there is at times just a little condescension in Americans. But we cannot deal with great nations in terms of condescension. We cannot deal justly with any nation without sympathetic insight into its religion, its form of government, its letters and its life, however these may vary from our own. Not everything in this world is fixed and permanent, after all. The most dramatic and most amazing event in the history



of mankind is the rise out on the eastern shores of the Mediterranean and beyond of the springs of civilization, which formed the little streams which slowly trickled westward, growing wider as they crossed Europe, finally bursting out into what we proudly call Western civilization. Nothing that has ever happened is so amazing and so dramatic as the history of that movement; but way out beyond the limits of that movement, and largely outside of its influence, lives this great and ancient people of China, with an economic life, a social system and religion of their own. We are sending to them a Minister; a sympathetic, wise, American gentleman, who will understand them, and whose reflection has taught him that perhaps in one of the far off days, ten thousand years from now, the world may so change, the centre of gravity may so alter, that, to steal a line from Kipling:

"The dawn may come up like thunder out of China 'cross the Bay." (Loud applause.)

THE CHAIRMAN—I will ask you to rise and drink to the health of Prof. Benjamin Ide Wheeler, President of the University of California. I am sure Professor Wheeler will agree with me that the only thing now for him to do is to tell us what he does not know.

#### PROFESSOR BENJAMIN IDE WHEELER.

It certainly affords to the assembled audience a certain advantage in that you have called upon me with no further notice. I do thank you for the few minutes you have given me, but so far as the diners are concerned it is a permanent advantage, and I stop to congratulate them upon the fact that a man is given no particular time in which to think upon that thing in which he does not believe, and so you will have to take instead a picked out mess of what I do believe in.

It is a most encouraging thought, Mr. Chairman, that you point to me as representing the institution by the Golden Gate to discuss what the President of Columbia does not know regarding the Oriental question, and yet it must be looked upon as somewhat of a risk, to say the least, to call upon a Californian to discuss the Chinese question. (Laughter.)

There are evidently no combustibles stored in or about this hall, and yet really there are some things I should like to say, combustibles or no combustibles.

When some 2,200 or 2,300 years ago Alexander stayed his conquering march at the Hydaspes, in northwestern India, he created at the point where his march stopped a picture which has run straight through the life and history of mankind, by the Indus River, the roof of the world. All that is on the west of it has more or less shared in the use of the same implements and life and thought; all in the territory west of it belongs more or less to one civilization, one religion; even Mohammedanism is nothing but a second growth on the old Asiatic soil representing the territory that was half converted to the Occident; and the civilization we live and breathe in is all of it built out of a combination of the life and civilization west of that point. The civilization of the great river valleys finds its ways in the terms of the life of men, toward the Mediterranean, where the life was created which is our life, digested finally and placed in the hands of the Greeks by virtue of their ability to frame a declaration of independence of the human spirit; then tossed over to the Romans; then to the people of northern Europe; then it found its way across the Atlantic; but still it was a part of the Mediterranean, and when it came to the shores of the Atlantic, people still held to it, and as they went into this continent of ours, they backed in, with their faces still bent on the Mediterranean, and they backed in until some of them came to the Missouri River, and when they set their faces really westward, and it is only the men who have passed the Missouri River that know the sentiment of the further part of our country, and know what the outlook is toward its future history. It is now Orienting itself toward another outlook, and the Orienta-

tion is in terms of the thought and the life of the people west of the Missouri River. It is true enough that the history of this country for its first two centuries was determined by its place on the Atlantic facing Europe; but just as certain will this view of the next two centuries be determined by its position on the Pacific facing China.

When Alexander stayed his conquering march he not only made a Western world which has made our life, but he left behind and out of account, to come on its own way, a whole one-half of the world—India, China and Japan. And they went their own way, with a thought of their own, a philosophy of their own, into which we do not venture so easily. We say they are an inscrutable people. When a man first thinks he is going to understand a man of China then is he of all men the most miserable, in that he has thought he understands, for their lives are shaped on another philosophy, on another view of the world. They have grown up by themselves; they have their own way of thinking, and must be judged by their own way of thinking. But a swing about has come in the affairs of men, and not long since. The Old World looked inward toward the Mediterranean, and built its policies on the thought of things centred about the eternal pool, but the world has come in recent years to be administered in terms of navies floating in the great outer ocean; power has come to be quoted in terms of coaling stations and navies that control the powers of Oceanus, that finds its way around the globe; they are the things in terms of which national destiny now is quoted, and that is what has turned the whole world that looked in upon the Mediterranean wrong side out, looking out now upon the outer sea. It has turned inside out a world that looks from America toward Europe, and from nearer Asia toward the Mediterranean, and has set it, having been turned wrong side out, looking toward the Pacific Ocean, and the destiny of the peoples to the west of this world is the next two centuries to be determined in terms of the hem of the Pacific. One hem of it, the American hem, a little strip pent up between an ocean covering more than half the circuit of the world, pent up between that ocean on the one hand and 1,200 to 1,500 miles of desert on the other, has now been occupied by the men of the white races in Europe; and the other hem is in the hands and in the charge of a people that is awakening to a new life, awakening, we may hope, to a new life which it will administer itself. The policy of this nation, enunciated as I have always believed more clearly by John Hay than by another man, insists that China shall have, as she ought to have by right of her years, the administration of her own awakening; the adaptation of her own life to the equipment and mechanism of the world of today. But one-half the world, gentlemen, a full one-half of it, has come into its say; one-half of the world that has never been used, that has never worked with the other half, has come into its say, and problems that are facing the world of old speak in terms of the descent of the white man on the western coast of our country over toward the Chinaman, the Hindoo and the Japanese on the other side of the ocean, and the Pacific is to be the arena, is to be the forum, the great market place in which this is to be wrought out. There are plentiful grounds and opportunities of misunderstanding, until we shall have come to see eye to eye, until we shall have come to understand that our lives have been reared on different models, different philosophies, and on the stimulus of a different faith. But we are human; we have human interests. It is our interest to exchange with each other in peace, and to make our general contribution to the service of the whole world, and because there are grounds and reasons for misunderstanding, all the more is it important that we should understand each other; that we should know exactly where all of us are concerned.

It is a fortunate thing that a man is selected to represent us on the other side of the forum who has that sympathy for peoples of varied antecedents which Mr. Crane has. I

echo most strongly the sentiment of the President of Columbia in his remarks, and I know somewhat whereof I speak—I know the man, and I know he has that sympathy for peoples of different history, of different pen-craft, of different instincts, which enables him to see things as the other people see them. The stubbornness, the inflexibility of people who refuse to see things as other people see them, these are what make wars and not the things that create peace, and we are to be congratulated that we have a man who has human sympathy, historical sympathy, and a knowledge of men in their habitat and under their own varying conditions.

I am glad to say that the first suggestion made to President Taft looking toward the appointment of Mr. Crane came from a sturdy, public-minded citizen of California. I know who he was; I know the man. California through one of its public-minded citizens told Mr. Taft first "There is the man." And so, from the opening of the Hudson over to the Golden Gate, we may say at least officially by the word of mouth of the President of Columbia and the President of the University of California, this is an appointment whereof the American people approve. It is the sort of appointment that ought to be made more often than it is made. It was not made probably in accordance with the ordinary recipes of political procedure. All the more has it our approval; all the more do New York and San Francisco approve. I believe what President Butler himself just now said—that it is probably a fact that the nomination and appointment of Mr. Crane is on the whole the most fortunate and popular appointment made by the present President of the United States. In the interest of a good understanding, where good understanding is of great account; in the interest of American affairs, and a fair, aboveboard, open, enlightened Americanism, and in the interest of a people of proven civilization, of compact thought, of a right to live, it is of advantage for all interests, and this event which we celebrate tonight is a matter of interest, is a matter of importance to all that is best in the opening civilization of the twentieth century. (Cheers.)

THE CHAIRMAN—I think the gentlemen here will understand why I used to say that a university president only needs to know those two things. Most of you know that many years ago my father went out to China and lived there for seven years, and he returned from there along in 1840, and after that spent the remainder of his active business life in commercial dealings with China and the Far East. Less than twenty years ago I remember to have heard him say that so far as he could recall no American bank, no American insurance company, no American business undertaking of any kind had any branch outside of the limits of the United States; as if the whole energy and thought and purpose of the American people for the last generation had been given without reserve to the development of things at home. The gentleman whom I am to introduce to you now is himself the president of an international banking corporation, a corporation that by its very name, no less than by its occupation, makes clear to us, if we would reflect upon that statement of old conditions, that it is not only a new China which is appearing above the horizon, but a new United States. I have very great pleasure in introducing to you, and now ask you to rise and drink to the health of our friend, Gen. Thomas H. Hubbard, the president of the International Banking Corporation.

#### GENERAL THOMAS H. HUBBARD.

The subject assigned to me by the President seems to be the International Banking Corporation. That is advertised in the usual methods, and I must thank Mr. Low for adding his advertisement to it tonight. Lest I should forget what I want to say, I will mention that the committee a few days ago asked me to speak on the subject of our commercial and financial interests in China. Now, there are

various definitions of the word "interest." We speak of a man having a large interest in the Great Northern or Copper, or what not, meaning that he has property in it, that he owns or controls a certain part of it. Our commercial and financial interests in China under this definition would be what we own there, what we have the right of possession in there. In that sense we have no commercial or financial interest in China. France and Great Britain and Germany and Japan have ports or territorial possessions from the western limits of the China Sea to the northerly limit of the Yellow Sea, in what is, or formerly was, Chinese territory. The United States has no port and no place in China where its commerce can say it is at home. France and England and Germany and Japan and Russia have railroads entering in China or what was China. Their financiers are lending money to build these railroads controlled by the great Chinese Empire. The United States has no railroads in China, and its financiers have contributed no capital for the building of railroads which has not been withdrawn. The commercial and financial interests of the United States in China, in the sense of which I am now speaking, are represented by the efforts of individuals, and the efforts of individuals have done most to build up this country. I speak of the efforts of individuals, as contrasted with the work of the government; and among those who for some years have been endeavoring to cultivate trade relations with China, the Standard Oil Company and the American Tobacco Company, requiring with a true Christianity the afflictions with which they have been visited by their own government at home, have shown in China and other parts of the East the best examples of American energy, intelligence and business integrity. And yet with all this our trade with China is almost infinitesimal. Perhaps that expression is too strong, but the figures are something as follows: The imports into China, during the five years from 1903 to 1907, averaged roughly \$250,000,000; the imports from the United States were about \$25,000,000. The exports from China to other countries averaged during those five years about \$150,000,000, and the exports from China to the United States in the same period averaged about \$15,000,000. And of this 10 per cent. of the whole trade which the United States got, a large part was conducted, and the greater part was financed, by foreign houses.

There is another definition of "interest," which is illustrated by saying "you are interested in benevolent projects, you are interested in the welfare of your neighbor." In that sense, in the sense in which commercial and financial interests mean things that concern our welfare, our commercial and financial interests in China are vast. As you have remarked, Mr. President, your distinguished father was a resident of Canton before the English had taken Hongkong; very long before the death of French or German missionaries was considered an equivalent for territorial acquisition; very long before any of these European possessions in China, already referred to, existed. I mention this because, as a matter of sympathy and a matter of precedent, our relations with China should continue. So in the first treaty between the United States and China in 1844, both parties expressed their purpose that friendship and peace and good will should exist between the two countries, and that if other nations threatened disturbances, the United States, on being apprized, would use its efforts for conciliation, for peace.

But beyond the matter of sentiment, and the matter of traditions, we have been growing nearer to China for years. We have been growing nearer by the purchase of Alaska, by the acquisition of Hawaii, by the possession of the Philippines, and we are growing still nearer by the opening, not far away, of the Panama Canal. These things are preparing the Pacific Ocean for extended commercial use, and will make it, as has been suggested tonight, in the near future, the great theatre of commercial transaction. They are making the Pacific Ocean, for commerce between the Orient and this country, what the Atlantic is for commerce

between this country and the European nations. The possibilities of trade between the two countries are vast. It is difficult for any one now to appreciate to what limit it may grow or may not grow. The advantage to the United States of increased commercial relations with China needs no argument. To illustrate—as people get together, they grow more and more alike. I do not mean to say that the Chinese and the citizens of this country are ever going to be exactly alike. I do say that they will be more nearly alike than at present. Now, suppose they were to be exactly alike, and that the proposition was to dress the citizens of the Chinese Empire and feed them just as our people are dressed and fed, and to dress and feed our people just as the citizens of the Chinese Empire are dressed and fed. What a vast commercial transaction that would be! That, I say, is a thing that we do not anticipate. We do not expect that all the citizens of the Empire will dress as we do; we do not expect to dress so becomingly as the distinguished gentleman at my right. (Applause.) But we do expect, and can reasonably expect, that there will be an interchange by which each nation will get from the other what the other can best furnish and what each nation most needs.

I say this merely by way of suggesting the possibilities of great commercial transactions between the two countries. The possibilities are vast. The advantages to China—I speak with some hesitation and deference in the presence of His Excellency—the advantages to China are equally great. In two directions I will look at them now. One is in the direction of having the United States as a balance wheel for the European nations whose presence in China has preceded ours; and another is in the development of Chinese railroads. That is a vast subject. The story of railroads in this country is too long and too intricate to be entered upon now. It is, however, I believe, the fact that the railroads have done more than any other one thing in maintaining the Union of the several States. I do not mean to say that the railroads were essential in producing the result that followed the Civil War. I do mean to say that while States are distant, while the citizens do not know each other, there is an opportunity for jealousies that do not occur where there is constant communication. Constant communication makes the people homogeneous. Our people travel from the Pacific to the Atlantic and from the North to the extreme South constantly. They know each other; they get acquainted. If this were not so, I do not believe that the Union would exist today.

Now, we have in rough figures about one mile of railroad to every thousand citizens of this country; China has less than one mile to every 70,000 citizens. It is not to be expected that China will build railroads to the same extent that the United States has them, but it is true that if the Chinese provinces are to be bound together in consolidation, if communication is to be had readily between the central seat of government and the provinces, railroads must be built. That is what kept this country together. That, in my opinion, with deference to His Excellency, is what will solidify China.

What the United States wants is not to deal with spheres of German influence in Asia, spheres of English influence there, spheres of French. It wants to deal with China as one great nation—with its people, economical, industrious and proverbially honest, with the Empire as the centre of a great government—not with spheres of influence, but with China.

Now the distinguished guest of the evening is going to China with excellent equipment. The predictions that have been made of his success are flattering, and I hope they are all true. But he has had able predecessors, and business, commercial business, halted under their administrations. What is the difference between his situation and theirs? There is, of course, a growing friendship between the two countries, but it grows slowly. The chief difference as it occurs to me, is that a powerful corpora-

tion is entering upon a new field of operations in China. I mean that corporation which is known as the United States of America. The lawyers in my audience will say that the United States is not a corporation and that federal courts have decided that even a State is not a corporation amenable to the harsh provisions of the Sherman Act. I prefer to look upon the recent action of the United States in reference to the railroad loan that has been mentioned as an act of a corporation. It certainly is the reverse of the action of the United States by its State Department, as that action has heretofore been molded. The United States, whether as a corporation or not, has asked China to borrow money from America. I think I do not put the proposition too bluntly: it has asked China to borrow money from some Americans. Of course when the agent for a lender proposes to a borrower that he shall borrow from his client, he must give assurance that the client has the money to lend and is a party fit to be dealt with. That difficulty, I take it, has occurred to the United States, or to the State Department, in the negotiations so recent and still unfinished for the present railway loan. If the United States is to guarantee or to assure to China the strength of the lenders, it must have lenders on whom it can rely. It was forced, I take it, to make a selection of such lenders. The selection, if one had to be made, could not have been better. The parties selected are of the highest financial strength and responsibility. But let us hope that the selection of some does not exclude all others, and let us hope that those who have for years been working in the East to develop commercial relations between the two countries will not be disappointed by the present selection. I am afraid some of them feel so.

Perhaps I dwell too long on this phase of the subject. Whether this method forced upon the Government in conducting this transaction was fortunate or unfortunate, it indicates that the Government does take an active interest in the development of business in China. It indicates that the Government means to stand behind those who are working for that purpose. It means that the Government is going to help our distinguished guest not only as it usually helps its ambassadors and ministers abroad, but with more direct and more cogent assistance. How the efforts of Mr. Crane and the Government may eventuate, depends, I think, upon the treatment that the Government extends to its own citizens and to the Chinese. In respect to its treatment of its own citizens, it ought to be actuated by the rules that it enforces against others. As a corporation it ought not to exempt itself from any rule that it enforces against other corporations. It ought not to countenance monopolies; it ought not to give special privileges; it ought to do equal and exact justice to all. In respect to China and the treatment it received from the United States and from other nations, two texts always come into my mind. One is, "The Assyrian came down like the wolf on the fold." It seems to me that has been the guiding principle of many nations in dealing with China in the past. The other is from a higher authority, "And if ye lend to them of whom ye hope to receive, what thank have ye? For sinners also lend to sinners to receive as much again. But love ye your enemies and do good and lend, hoping for nothing again, and your reward shall be great and ye shall be of the children of the Highest, for He is kind to the unthankful and to the evil." Commerce and banking have not accepted that text as the rule of conduct, but fair dealing, open speech, adherence to promises, whether in writing or verbal, those are an approach to it, and if they are followed between the United States and China, our relations should be, and certainly will be, increased and improved. But if we follow the course of the Assyrian we shall, soon or late, meet the Assyrian's fate.

CHAIRMAN—Gentlemen, the speaking bill of fare has been exhausted like that of the dinner itself, and I have only to say as we part, once more to the Minister, how sincerely our good wishes go with him, how earnestly we want to help him if it is in our power to do so.

## RAILROAD BUILDING IN ASIA.

*By the Secretary of the Association.*

*(From the Iron Age.)*

The railroad builder is at work in Asia as never before. Ten years ago Benjamin Taylor asked his fellow countrymen the pertinent question: "Do we realize all that is implied in the fact that of about 450,000 miles of railroad in the world Asia has not more than 30,000—that while Europe has a mile of railroad for every 2,400 inhabitants, Asia has one only for every 28,000?" Reference was added to the overwhelming character of the mere thought of the work involved in remedying this disproportion and of the enormous possibilities of the Pacific area when railroads and steam and mechanical invention have had a chance to do for its teeming populations what they have done for the peoples in the Atlantic area. But already the mileage actually in operation in Asia is expanding so rapidly that the figures of one year become worthless almost as soon as they are tabulated.

At one end of Asia the Germans are at work tunneling the Taurus Mountains; at the other, the Russians are preparing to attack the problem before which they quailed twenty years ago of conducting an iron road across the rugged chasms and through the rocky defiles of the valley of the Amur. To supply the Western link of an all British South Asiatic railroad a serious movement is on foot looking to the construction of a line from the Mediterranean to the Persian Gulf, across northern Arabia; and under the direction of a Chinese engineer educated in America there has just been completed a line from Peking to Kalgan as the first step toward the crossing of the Gobi desert and the making of a junction with the Trans-Siberian Railroad at Lake Baikal. Throughout the great intervening stretch of 7,000 miles between these contrasted spheres of railroad enterprise at either extremity of Asia, existing railroads are being extended and new ones planned. The Indian roads are reaching out on one side through Burmah to the frontier of China, and on the other through Beloochistan to southern Persia, now at length open to the railroad builder.

A few months ago two states, formerly feudatory to Siam, passed under the suzerainty of Great Britain, and it was one of the terms of the bargain that the Federated Malay States should advance to Siam on easy terms \$20,000,000 for the purpose of constructing a railroad from Bangkok to the Malaysian boundary. In Indo-China the French have already built 820 miles, and are extending their system eastward to participate in the great trade of southern China that is and will continue to be tributary to Canton, and north and westward into the Chinese province of Yunnan. In China itself the progress of railroad building, which was described in the *Iron Age* of November 23, 1905, has made rapid strides, and American capital and enterprise, which had then retired discouraged from the field, have reappeared with a peremptory demand to have their share in financing projects which were coming to be regarded as exclusively destined for the employment of European capital and the consumption of European railroad material.

All this lies on the surface of the record, which he who runs may read, and, reading, compile. But we shall have a very imperfect appreciation of the railroad situation in Asia if we fail to take account of the political considerations which have hitherto controlled it and of the radical changes in the situation which have followed the Russo-Japanese War and been modified by the entente firmly established between Great Britain, France and Russia. It is true that in these days all politics ultimately resolves itself into the interests of trade, and that the political stimulus given to railroad building is, in the last analysis, commercial. But there must be admitted to be an essential difference between a railroad constructed in obedience to a deliberate policy of acquiring territory or markets by conquest and one provided with the sole view of developing a profitable traffic without the establishment either of a sphere of interest or one of sovereignty.

To give an intelligible idea of the forces that have gone to the making of the present railroad situation in Asia, a brief historical retrospect is necessary.

It was hardly at the call of commercial necessity that the Czar Alexander III issued his famous edict: "Let a railroad be built across Siberia in the shortest way possible." It is true that when the enterprise was fairly under way, and the sums annually expended on it began to assume startling proportions, reference began to be made to the experience of our own Pacific railroads, as an illustration of how quickly traffic might grow in a new country and desert places traversed by the iron road become populous. For obvious reasons the analogy was not apt, though if a political precedent were required it would have been sufficient to say that Russia needed a railroad across Siberia to bind the two divisions of her empire as much as the United States did to attach the Pacific States and Territories to the Union. But here again there was a notable difference, for the shortest way between the country east of Lake Baikal and the port to which Russians had given the proud title of Vladivostok, or "dominator of the Pacific," lay through the territory of a neighbor. That is to say, to avoid the great northern bend made by the Amur and save the construction of bridges and tunnels to span the innumerable streams and pierce the formidable mountains of that region, it was necessary to take the shorter and comparatively easy cut across Chinese Manchuria.

So, ten years after the issue of the Czar's edict, permission was given to construct a railroad, to be called the Eastern Chinese, from Stretensk to Vladivostok by way of an obscure settlement on the Sungari, since known to fame as Harbin. This was the agreement of September 6, 1896, between the Chinese Government and the Russo-Chinese Bank. A Russian commission which went through the country about that time gave away, rather naively, on its return to Odessa, the real purpose of the Manchurian Railroad as follows: "The Chinese are not only delighted with the idea, from which they expect great benefits, both

in commerce and agriculture, but openly state that they would be more than delighted if all Manchuria became Russian territory, and that the greater part of the inhabitants in such a case would cut off their pigtailed, or, in other words, become Russian subjects." Thus was a beginning made in what Prince Ukhtomsky, four years later, called Manchuria's "painless identification with Russia."

It was, of course, expected that the process would be greatly facilitated by the agreement of March, 1898, under which permission was obtained to continue the Eastern Chinese Railroad southward from Harbin to Talienwan and Port Arthur. In spite of the declaration contained in the agreement of 1898, that this railroad concession is never to be used as a pretext for encroachment on Chinese territory, nor to be allowed to interfere with Chinese authority or interests, the agreement was no sooner made than it was used as the basis of protest against the extension of the Imperial Chinese railroads beyond the Great Wall on money borrowed from a British syndicate on the security of the lines already constructed south of the wall between Peking, Tientsin and Shanhaikwan.

To the British Ambassador at St. Petersburg, Count Mouravieff gave the Russian view of the situation as follows: "Taking up a map of North China, he drew attention to the projected line for the Northern Extension Railroad to Newchwang and the close propinquity of the northern terminus to the line which was to serve as outlet for the trade of the Russian Trans-Siberian Railroad. He had concluded and signed an agreement with the Chinese Government by which China agreed that if this extension was made the line should only be constructed with China's own money and always remain in Chinese hands and under Chinese control. \* \* \* This agreement was not directed against the interests of England or of any other Power; the limitation being general in its character, applying to all non-Chinese charters, Russians included, could not be regarded as infringing the treaty rights of most favored nations. The agreement itself was one which two independent powers were clearly entitled to conclude."

The upshot of the controversy was that the Russian Government withdrew its objections to the building of the railroad from Shanhaikwan to Newchwang, with a branch line to Hsin-min-ting (30 miles northwest of Mukden), and that an agreement was made between the governments of Great Britain and Russia under which "Great Britain engages not to seek for her own account, or on behalf of British subjects or of others, any railroad concessions to the north of the Great Wall of China, and not to obstruct, directly or indirectly, applications for railroad concessions in that region supported by the Russian Government. Russia, on her part, engages not to seek for her own account, or on behalf of British subjects or of others, any railroad concessions in the basin of the Yangtse, and not to obstruct, directly or indirectly, applications for railroad concessions in that region supported by the Russian Government."

While the northern extension of the Imperial Chinese railroads was under discussion the Russian Foreign Minister had declared that "as regarded railroad enterprises to the south of Peking in central and southern China

neither the Russian Government nor Russian enterprise had any interest whatever, and all the persistent rumors to the effect that the Russian Government or Russian money had any share in the Belgian railroad concession schemes were quite unfounded." The Belgian concession was for the construction of the railroad from Peking to Hankow, 760 miles up the Yangtse, in the heart of China. Outside observers of Russian policy might, however, be pardoned for remembering the close connection between the Belgian syndicate and the Russo-Chinese Bank, and for speculating on how long it would take Russia to digest Manchuria. In any case, there remained the stubborn fact that Russia was determined that there should be no further interference with her monopoly of railroad construction and operation in the three Eastern provinces of China, and that, moreover, as the *Novoe Vremya* blurted out in April, 1898, she was determined to possess her own rail from Manchuria to the capital of Korea. Recalling the further fact that Russia was equally determined that, if she could prevent it, there should be no continuous railroad across Asia except her own, the change which Russian collapse wrought in the Asiatic railroad situation may be partially understood.

Had commercial considerations dominated the construction of a trans-Asiatic road the southern route would necessarily have been preferred. Here there are both trade and population, and the distance of 2,000 miles across the Indian Peninsula is already traversed by railroads. In Central Asia the Russian railroad builder had been already at work a quarter of a century before. It took Russia ten years to subdue the wild Turcoman tribes of trans-Caspia, but, that done, the work of connecting the Caspian by railroad with Merv, Bokhara and Samarcand was promptly begun. The first 700 miles of this railroad was laid across a howling wilderness on which were but four small oases. It was begun in 1880, completed to Samarcand, and was paying its expenses in 1890. Since then trade and traffic have developed rapidly, and communication with Russia proper has been so far perfected that a traveler from Moscow can now reach the Afghan frontier, within 60 miles of Herat, in five days. Ashkabad, the capital of trans-Caspia, and an important Russian railroad centre, is only 160 miles northwest of Meshed, the capital of the Persian province of Khorasan.

As soon as the Russians got their railroad to Ashkabad they insisted on the Persians building a good road from the frontier to Meshed, so as to connect the three places and furnish an outlet to Persia for the rail-borne commerce of Russia. The cart road cost the Persians some \$150,000, and it was used as a highway for Russian commerce only. For railroads Persia was to remain forbidden territory. That decision was reached in the early eighties, when Russia beat England in the struggle for influence at Teheran. It was as an offset to the trade and mining concessions granted to Sir Henry Drummond Wolff, the English Minister at the court of the Shah, that the Russian Minister demanded and received the sweeping concession against progress that no railroad should be allowed in Persia. As Truxton Beale, formerly our Minister there, put the case: "Persia was to lie fallow, free from foreign entanglements, until Russia saw fit to make use of her."

Some five years later Russia made her hold on Persia more secure by advancing to the Government of the Shah 22,500,000 roubles. About that time Great Britain had been moved to prevent the acquisition by France of a coaling station at Muscat, near the eastern entrance of the Persian Gulf. This conjunction of events elicited the following suggestive comment from a French newspaper published in Shanghai: "It is a fine revenge for the Muscat episode; more than that, it is the postponement to the Greek Kallends of the (British) trans-Asiatic Railroad. Russia has determined to prevent without fighting any competition with her trans-Siberian Railroad; it is as clever as it is happy."

Meanwhile the Germans had appeared on the scene. In December, 1899, our consul at Sivas announced that the controversy in regard to railroad construction in Asia Minor had been settled by a concession granted to the Anatolia Railroad Company, which was to extend the then existing line, terminating at Konia, via Marash and Bagdad to Bassorah. It was added that few railroad lines could be of greater prospective importance than this 2,000 miles of railroad uniting the Persian Gulf with Europe, forming a rapid transit to and from the East, opening up large tracts of agricultural country, and paving the way for German commercial supremacy in Asia Minor and Mesopotamia. As a matter of fact the project was an old one. Sixty-four years previous to the Sultan's grant to the Anatolia Railroad Company Sir Francis Chesney had surveyed for the British Government the route for a railroad along the Euphrates Valley from the Mediterranean to the Persian Gulf. For half a century the construction of this very important link in the overland route to India has been one of the imperial ambitions of Great Britain, and it was only after the acquisition of a controlling interest in the Suez Canal shares and the occupation of Egypt that the Euphrates Valley scheme passed out of the range of discussion.

In September, 1886, it was reported that a concession for a system of Anatolian lines had been discussed in Europe, and it was regarded as a remarkable revelation of the progress of German influence at Constantinople. The project fell through apparently because the concessionaires failed to appreciate the proper methods of acquiring favor with Turkish ministers. The concession was actually granted in 1887 to an English syndicate, with power to extend the line to Bagdad within ten years, but it was again revoked.

When the contract for the line to Angora, opened in 1892, was refused to English and French syndicates it was granted to the German company because the Sultan and his ministers had no experience of German ability in such enterprises, and intrusted them with the work upon the theory that they were the least likely upon the whole to carry it out. The rapidity and thoroughness with which the line was completed opened the eyes of the Porte to German capacity in the matter of railroad building, and in 1896 the line was established to Konia. From that point it was evident that the first part of any possible trunk line from Constantinople to the Persian Gulf was already in German hands, so that the sequel to the competition for the con-

struction of the Bagdad Railroad was already certain. The well known director of the Deutsche Bank, the late Dr. Siemens, was the chief agent in this transaction, which resulted in the Bagdad Railroad convention of December 23, 1899. Under that agreement the Anatolia Railroad Company undertook to construct within a maximum period of eight years and to exploit a railroad line of the regular gauge of 1.44 metres from Konia to Bassorah, by way of Bagdad, on conditions and guarantees to be determined by common agreement between the Sublime Porte and the company.

The most important part of these guarantees was that known as "kilometric." Each concession for the various sections of the road carried with it a kilometric guarantee of progressive amount until it attained the maximum of \$3,300 per kilometre. The delay in the construction of this line, which has only shown marked activity during the last year or two, has been due to the poverty of the Turkish treasury and to the indisposition of the Powers to grant the requisite increase of Turkish customs required to meet this new draft on the national finances.

The German colonial enthusiasts promptly urged that steps should be taken to form solid self governing settlements of German emigrants in Asia Minor; but the Director of the Deutsche Bank curtly reminded them that the Sultan would never consent to the gradual occupation of his territory by agricultural army corps. It was accordingly given out that the Anatolian Railway Company had no thought of meddling with politics; but behind all German utterances on the subject it was shrewdly suspected that there lay the conviction that commercial interests gradually convert themselves into political possessions in weak states. Even Dr. Siemens agreed that Mesopotamia, with the marvelous Babylonian system of irrigation restored, must become the granary of the East once more, relieving industrial Germany from its present dependence upon American and Russian wheat. As a matter of fact, within the present year General Sir William Willcocks has been intrusted with the task of superintending the reorganization of the ancient irrigation systems of this region. Nothing but the sheer neglect of centuries has led to the decay of one of the most extraordinarily fertile countries of the ancient world, and all expert observers have testified to the fact that the restoration and proper maintenance of the old canals will bring back the productiveness, trade and civilization of past ages.

The progress of the Bagdad Railroad and the new understanding between Russia and England about Persia have tended to revive the discussion of an overland route to India and an all-British railroad line across Southern Asia. As long ago as September, 1899, there appeared in the *Nineteenth Century* an article by the well known English engineer, C. A. Moreing, entitled "An All-British Railway to China." Mr. Moreing argued that, as Russia was then strengthening her influence and recasting the map of Asia in her own interests by building a trunk line to China, Great Britain should do the same; only the British road should be a continuous line from the Mediterranean to the Yangtse, through southern Asia. Part of this contemplated railroad—that passing through India—was already built, and it would not take long to extend the system to Burmah. In the whole distance to be traversed Mr. Moreing could find no difficulties equal to those which the Russians had encountered on their line, and he gave the following as his deliberate judgment in regard to the whole scheme: "It has for some time been apparent to those who have studied the political development of Arabia, Persia and Beloochistan, to say nothing of Farther India, that



Great Britain is the future mistress of southern Asia. No other European nation will ever be permitted to settle on the shores of the Indian Ocean, and the surest way of consolidating our rule in a region where no other Power but ours can be allowed to intrude is to link up our scattered possessions and supply the quick means of communication that a railroad from the Mediterranean to mid-China would afford."

For obvious reasons, M. Moreing rejected any idea of reviving the old Euphrates Valley project, and proposed to start his all-British South Asiatic Railroad from Alexandria and proceed through the Isthmus of Sinai, northern Arabia, the Persian Gulf and Beloochistan. He showed that it was only 2,400 miles from the Mediterranean to Karachi, which could be done in three days, as against the nine or ten days which a steamer requires. Indian lines would take the passenger on to Kunlong Ferry on the Chinese frontier, while surveys have shown the existence of practicable routes from Kunlong Ferry to the Upper Yangtse.

Curiously enough, the same magazine that published Mr. Moreing's article in 1899 contained another on the same subject in January of the present year. This is entitled "A Railway to India," and the author is C. E. D. Black, lately in charge of the Geographical Department of the India Office. This writer takes his cue from the completion of the Hedjaz or Pilgrim Railroad to Medina, which he thinks may prove an epoch making event for Great Britain. It is the first railroad opened in Arabia, and Arabia and Persia are the two countries that block access—though in another sense they may be said actually to supply the opportunity for communication—between India and the Mediterranean. It should perhaps be explained that it was the Bagdad Railroad project which suggested to the late Sultan an ambitious scheme of his own—the Damascus-Hedjaz Railroad. Abdul Hamid engineered this out of his own purse, supplemented by contributions from good Mohammedans, and it was largely built by the free labor of Turkish troops. The line is a narrow gauge one, but, by an agreement with the Franco-Belgian company operating from Beyroot, the Sultan simultaneously provided for the linking of the Hedjaz line, whose ultimate destination is Mecca, with the Bagdad project at or near Aleppo.

But to return to the overland route to India, Mr. Black points out that between London and Port Said there is no route under British control except the sea. Thus, when one reaches Egypt, the half-way house to the East, the question inevitably suggests itself: "Cannot a shorter and more direct route to India be found than the long round-about way down the Red Sea and across the Indian Ocean to Karachi or Bombay?" A railroad following more or less directly the thirtieth parallel of latitude from Egypt through northern Arabia and southern Persia to Quetta or Karachi would traverse the shortest line between Egypt and India and prove an immense convenience to traders, soldiers, civilians and others traveling in either direction between these two countries.

To describe this route rather more in detail: The westernmost section would start from Port Said or Ismailia, where it would join the Egyptian railroad system—the last section of the Cape to Cairo line—and traverse Arabia Petraea in a southeasterly direction to the head of the Gulf of Akabah. Thence the line would ascend the Wady-el-Ithm, one of the lateral gorges leading up to the plateau of northern Arabia. Across the neck of the Arabian Peninsula the line would pass due east for 800 miles to Bassorah, a short branch diverging to the port of Koweit, near the head of the Persian Gulf, which the Germans have earmarked as the southern terminus of their system.

This is, unquestionably, "the short cut of the land route to India," though Mr. Black is mistaken in saying that it was never suggested as a feasible route to Karachi or Bombay before he examined the geography of the region. As far back as 1863, when W. G. Palgrave crossed the whole breadth of Arabia from the Red Sea to Bahrein, in

the Persian Gulf, he found a well watered country, admirably suited for the construction of a railroad. He found the people everywhere keen traders, and the only form of outrage he had to fear came from the minions of the Government. This track across Arabia from Bahrein to Mejaz on the Red Sea is actually the most ancient trade route of which we have any knowledge. It was by this route that, some 7,000 years ago, civilization was introduced into ancient Egypt, and it was by this road that bronze first found its way to Phoenicia, and thence by Tyrian and Carthaginian traders was carried all through Europe. Its reopening would thus be only a return to primitive conditions.

At Bassorah the proposed railroad would cross the Shat-el-Arab on its way to the East, and the Karun River further on. The crossing of this stream presents no more formidable difficulties than have been surmounted in the crossing of the Yellow River in China. Circling around the head of the Persian Gulf, the railroad would traverse Persia by whatever route might be considered feasible, either passing through Shiraz, with a branch to Bushire, Kerman and Nushki, or by a more southern line through Beloochistan as far as Karachi, where it would close with the Indian systems. Mr. Black's table of distances coincides very closely with those given by Mr. Moreing ten years ago, and he concludes that the total distance from the Mediterranean to the Indian rail head, 2,200 miles, ought to be easily covered in sixty-six hours, as compared with 3,050 miles or nine and one-half days in a steamship—a saving of 850 miles in point of distance and six and one-half to seven days in respect of time. As to cost, Mr. Black says that he was furnished with an estimate some years ago which was carefully framed by two experienced engineers who had personal knowledge of part of the region to be traversed. The estimate ran to \$30,000 per mile, and he claims that subsequent figures, relating to the Hedjaz Railroad from Damascus to Medina, and to a previous undertaking from the Syrian coast to Damascus, proved that the estimate was not too low. For a total distance of 2,200 miles from the Mediterranean to the Indian frontier, this would work out to \$66,000,000, or, with an addition of \$15,000,000 for rolling stock, \$81,000,000 altogether, or considerably less than the cost of the Suez Canal.

From Mr. Moreing's point of view the grand objective point of this South Asiatic Railroad scheme is Shanghai, the great entrance port and commercial mart of the Middle Kingdom and meeting place of the eastern and western bound steamship lines. It was already apparent, when he wrote, that from the Yangtse were to range the future lines of communication which are to open up the Celestial Empire. Down the upper valley of the river itself the rich products of Szechuan would be brought oceanward; from Hankow to Peking, and from the northern bank of the river opposite Chinkiang to Tientsin would run lines that would exploit northern China; while from Nanking via Soochow to Shanghai would run a British line destined to open up the rich and densely peopled alluvial tracts lying around the estuary. Since Mr. Moreing wrote this latter enterprise has become an accomplished fact, and the other lines of communication which he roughly traced are already in course of construction.

Beyond China, Mr. Moreing saw that the proposed railroad would revolutionize the traffic with Australia, as it is only 3,500 miles from Madras to Perth. Nor would it be very long before an unbroken line of rail connecting Calcutta with Singapore would make the latter the port of embarkation for Australia. Briefly, it needed in 1899 no argument to show how indispensable was the proposed railroad to Great Britain if she is to keep her grip on southern Asia, and since that time the words of Mr. Moreing have probably acquired a new significance, not only for Great Britain but for the rest of the world: "The building of such a line would be a clear declaration to the world of intentions which, though known to statesmen, are only vaguely surmised by the public at large, and are ignored by the more restless and ambitious spirits of rival nations."

# THE GOLD EXCHANGE STANDARD IN THE LIGHT OF EXPERIENCE.

BY CHARLES A. CONANT.

When the Government of British India sought, in 1893, to give a fixed gold value to about £120,000,000 in rupee silver, it undertook an experiment of great importance to the financial world, and one which was naturally viewed in many quarters with grave misgivings. The experience of fifteen years which have followed that experiment has taught many lessons in monetary science. It may, indeed, be said to have blazed a new path in the principles of money—at least, in their practical application. The effort to raise the coins to a fixed gold value by scarcity alone was not successful, but it led to other devices, which, imitated or improved upon in Mexico, the Philippines, and the Straits Settlements, as well as in India, have created a new type of monetary system which has come to bear the title of the gold exchange standard.

The gold exchange standard differs in several respects from the limping standard. It has been the product of definite purpose and plan in the Philippines and in Mexico and to a certain extent in India. While in British India it has been, like the limping standard, a compromise with existing conditions, it has there, as elsewhere, received a definite form and substance which separated it from the limping standard as evolved in France and in other countries which found themselves with a large amount of legal tender silver on their hands when the metal had fallen below the official parity. There are two other essential differences between the limping standard and the gold exchange standard. One is that the gold exchange standard contemplates a circulation of token coins of silver without any necessary concurrent circulation of gold or paper. The other is that the gold exchange standard contemplates definite and comprehensive measures to maintain the value of the token coins at par with gold instead of relying purely upon custom and scarcity to give them value.

The essential principle upon which the exchange standard has been established is that the value of money is governed by the law of supply and demand. So long as supply was indefinite and excessive, as under the system of the free coinage of silver, there was no way of preventing safely and effectively the decline in the gold value of the coins to the bullion value of their silver contents. The moment, however, that Government undertook to limit the supply of coins to the demand for them, it took an important step to separate their value from that of their bullion contents and to give them a value based upon the demand for them as money signs required for carrying on exchanges. Strangely enough, while this principle had been in operation for many years in the case of subsidiary coins, its bearing upon the use of silver in countries where the standard had been depreciating was not clearly comprehended until within recent years. Those who understood the principle doubted its sufficiency to give a fixed value to silver coins as the sole medium of exchange, or they distrusted the ability of any government to judge accurately the number of coins required.

Upon the latter point they would have been correct if dependence had been placed upon guesswork or any empirical method of determining the amount needed. It remained to find the true solution of the problem by so regulating the quantity of the coins that it would respond automatically to the demands of trade. The correct method of doing this is through the system of exchange funds. As this system is operated in the Philippines, it is not possible to obtain gold coin for silver except in small quantities, but it is possible always to obtain drafts upon New York at par, plus the usual charges for exchange between gold standard countries. These drafts have to be purchased with actual silver coin or coin certificates. In either case the coins and certificates are, by the requirements of the coinage law, held in the Philippine Treasury. The law does not permit their deposit by the treasury in current account at a bank, which would turn them back into the general circulation.

For practical purposes the volume of currency in circulation is contracted to the same extent as if a corresponding amount of gold were taken from the circulation for export. When the current turns and rates for money become high in the Philippines, Philippine currency can be released for local circulation by the purchase in New York from the gold standard fund of bills upon the Philippine Treasury. The rule of locking up the proceeds of the sale of bills is not rigidly applied to the funds in New York, because the influence of the Philippine purchases upon the local circulation there would be insignificant. On the contrary, the Government obtains a generous interest rate, which has at times been as high as 4 per cent., upon the deposit of Philippine funds with New York bankers. During the stress of the autumn of 1907 considerable transfers of capital were made from Manila to New York by means of the purchase of New York drafts from the Philippine Treasury. The process, often repeated even under less serious pressure, clearly shows that the monetary system of the Philippines is linked to gold, and that capital can be freely transferred upon a gold basis between Manila and other markets.

The experience of fifteen years since the free coinage of rupees was first suspended in British India, of five years since the new system was established in the Philippines, and of nearly four years since it was in operation in Mexico, have settled most of the doubts which were felt when the experiment was undertaken in India. In the first place it has been made clear that the value of the coins in exchange, as fixed by law, has not been influenced by variations in the price of silver bullion. This statement, of course, applies only to one side of the problem—the fall of the gold value of the silver in the coin below its face value. It would not be possible under any system yet discovered, except such uneconomic devices as prohibiting exportation, to prevent the disappearance of silver coins when the value of their contents rises above their legal value in



exchange. Both the Philippines and Mexico have faced this menace to their monetary circulation since their systems were inaugurated, but both have succeeded in removing it. In the Philippines the contents of the silver unit—the peso—was reduced in 1906 from about 371 grains to 247 grains in pure silver. The amount fixed by the law of 1903 was practically the same as the contents of the old Mexican dollar. The adoption of a coin of this weight was caused partly by the desire to avoid the distrust which some feared might arise from reducing the weight. At the time of the passage of the law, moreover, the price of silver was nearly at the lowest point in its history, having touched the minimum of 21 11-16 pence in January, 1903, and being at an average price of 22½ pence in March. The adoption of so heavy a coin, however, was not in accordance with the original recommendation made by the present writer to the War Department in November, 1901. The weight then recommended was 385 grains, nine-tenths fine, or about 347 grains of pure silver.

In Mexico the rise of the silver coins above the legal gold value proved a blessing in disguise. It enabled Mexico to go almost to an absolute gold standard by selling her silver at a premium. From May 1, 1905, to October 22, 1907, the old silver piasters were exported to the amount of \$85,956,202, while gold coinage was executed to the amount of \$71,646,500 (about £7,200,000). The gold has gone chiefly into the reserves of the banks, which have in circulation about \$95,000,000 in notes. Gold holding of the banks, which were only \$15,832,840 in January, 1906, were \$54,165,483 in October, 1907, while silver holdings declined over the same period from \$49,781,155 to \$14,399,924. This influx of gold came about because silver at 33 pence was above the Mexican coinage ratio of about 32 to 1, and much of it was sold by the commission on money and exchange at a direct profit to the Mexican Treasury. In view of the subsequent fall in silver below 23 pence, at which rate Mexico is in a position to replenish her supply of subsidiary coinage, her statesmen may claim the credit of following the great rule of profit in the commercial world as well as on the stock exchange—to sell when things are dear, and to buy when things are cheap.

The coincidence in the rise of silver and the adoption of the Mexican monetary reform in 1905 was in some degree accidental. It facilitated the reform, not only by introducing gold, but by removing the objections which would otherwise have been heard from the miners of silver to the rise in gold wages which would have accompanied a fixing of the exchange at a point above the value of silver bullion. It was the intention of the Mexican Government, however, to proceed resolutely, though deliberately, to a fixed exchange, and they would undoubtedly have accomplished this result, even if they had not been aided by the rise in the value of silver. Its subsequent fall has in no wise impaired the stability of the gold standard.

Some fears were expressed in the Philippines as to the willingness of the natives and of Chinese traders to accept a silver coin at a gold value fixed by law, which was obviously above its value as bullion. This difficulty has proved almost negligible. Silver within less than three pence has been above 33 pence per ounce, and below 23

pence. It is doubtful if the Government officials in India or the Philippines have so much as taken note of the daily fluctuations since the price dropped below the legal parity of the coins, and it is certain that the exchange value of the coins has been in no wise impaired by their fall in bullion value. When the last reduction was made in the weight and fineness of the Philippine coins, lowering by almost 30 per cent. their silver contents, the precaution was taken of advising the public by means of an official circular, translated into the various languages and dialects of the islands, why the change had been made, and that it would not affect the exchange value of the coins. Provincial and municipal treasurers were also directed to carry on a campaign of education among the people by way of explaining the character and effect of the change. The greatest menace to the value of the new coins lay with the Chinese, for in China for many hundreds of years local bankers and merchants have adhered to the rule that a coin derived no value from the stamp, but was worth just what it would fetch on the scales. The Chinese traders at first undertook to discriminate in this manner against the new coins of the Philippines. In some cases they refused to receive them except at a discount varying from 20 to 40 per cent. They also offered 1.05 in the new coins for 1.00 in the old, evidently in the hope of exporting the old at a profit while they continued to be worth as bullion more than their legal gold value. The success of this discrimination was local and extremely shortlived. The first consignment of the new coins reached Manila on May 4, 1907, and when the treasurer of the islands prepared his annual report on October 15, 1907, he was able to make the following statement of conditions:

"At this time, October 15, the new coin is accepted without question in every part of the islands, and no reports or complaints have been received for the past two months as to discounting it, and, so far as can be ascertained, no premium is now paid for the old coin. In fact the demand for the new coin for exchange purposes has so far exceeded the supply that it became necessary to withdraw nearly half a million of the new pesos from the banks to meet the requisitions therefor from the provinces."

The hesitation which prevailed, therefore, in many quarters in regard to the ability of a government to overcome the conservatism of the East in its preference for coins of full bullion value has not been warranted by events. This demonstration is of importance if the exchange standard is to be considered for China. At present the Government of China is not perhaps strong enough and sufficiently centralized to assure its subjects that it can give a definite gold value to a token coin and maintain it honestly and efficiently. The trial of the system, however, in the Philippines, in British India, and in the Straits Settlements, in all of which there are many Chinese, has probably so far cleared the air upon this point that the Chinese Imperial Government would be able to establish the gold exchange system if it did so under sufficient guarantees to the financial world that it would be honestly and intelligently maintained.

Next in importance to the settlement of this question of native willingness to accept the new system may be con-

sidered the degree of difficulty in maintaining it. It is not surprising, perhaps, that when it was proposed in an incomplete form for British India, it should have been denounced as a "fair weather" device—"a leap in the dark," which would not stand the test of business depression, deficient crops, and an unfavorable balance of trade.

The most serious difficulty which has been foreseen by critics of the gold exchange system relates to the sufficiency of the exchange funds. Up to the period of the general panic of 1907 and the crop failure in India in the spring of 1908, it might fairly be said, perhaps, that the system had not been subjected to any but "fair weather" conditions. The experience of India, however, has thrown striking light upon the possibilities and limitations of the system in time of stress. The test in India has been of such magnitude, moreover, that its results are much more conclusive than any test which might have been afforded in a smaller country dealing with a less enormous mass of token coins. If the test had come before the exchange funds had acquired a respectable size, the system might have been allowed to break down, through timidity and delay in taking proper measures of protection, and discredit have thus been cast upon it before it had been fairly tried.

What happened in India was that the failure of the crops deprived the country of the usual means of compensating by exports the heavy imports of foreign goods which had been contracted for. It became necessary, under the settled principles of exchange, to find gold to fill the gap. Usually the exchange account substantially balanced itself by the sale in London of Council drafts upon the Indian Government to obtain gold to pay the interest on the debt held in England. These drafts were purchased by importers in London, and used to pay for the Indian crops; but all through the spring of 1908 purchasers for drafts failed to appear, because there had been no considerable exports of Indian crops to be paid for. Hence Council drafts were without a market, and for a moment it seemed that the link which bound the Indian monetary system to the gold market of London had been severed, and that the silver rupee might drop as disastrously as the Mexican dollar before its free coinage was suspended. This would have added the influence of an appalling disaster to the burden already imposed upon Indian finance by the failure of the crops, for it would have compelled the Indian importer of English goods to find a greatly increased number of rupees to meet his gold obligations in London. Obviously, it was a disaster which, if it had occurred, would have invited the bankruptcy of the country, reflected lasting disgrace upon English financial foresight, and perhaps even have led to organized revolt.

The Indian Government had available for meeting the crisis about £18,500,000, principally invested in securities in London. This fund, known as the gold standard reserve, was distinct from the currency reserve, consisting of gold received for currency notes, which amounted in the spring of 1908 to about £12,000,000. It was against the former fund that the Indian Government felt compelled to offer to sell exchange in India. Such offers were made for a time in limited amounts of £500,000 each, but they proved substantially adequate for meeting the demand, and by

early summer the demand fell below the supply. The offer of exchange in this form for rupees maintained the value of the rupee coinage, contracted the amount of rupees in circulation in India, and enabled the Indian merchants to meet their obligations without the loss which they must have suffered if the currency had been allowed to depreciate in gold value. The actual sales of bills upon the exchange funds in London reached, between March 26 and August 13, 1908, the considerable total of £8,058,000. Of this amount £2,000,000 was taken from the currency reserve in gold, which was "earmarked" at the Bank of England, incidentally affording a relief to the London money market which was keenly appreciated. Most of the remainder was obtained by the sale of securities to an amount which reduced such holdings from £14,019,676 on March 31 to £9,415,708 on July 31.

The test to which the Indian system, as the most important example of the gold exchange standard, was thus subjected was perhaps of a higher importance than was realized by those in the thick of the conflict. It was plainly intimated, however, in the annual report on financial conditions for 1908 that, if necessary, the Indian Government would have issued short-dated securities in order to still further replenish the exchange funds in London. This would have been the true means of meeting the situation if the existing fund had been unduly impaired. The argument against it would have been that the demand was indefinite, and might become so large as to be unmanageable. The fact that the demand for exchange was met without the issue of new securities and without trenching upon the reserve funds beyond the amount of £8,000,000 out of £18,500,000 affords pretty strong evidence that there is a natural limit to such demands.

It is in this principle, that there is a natural limit to the possible drain upon the exchange funds, that the security of the new system lies. It is this principle, buttressed by the experience of India, Mexico, and the Philippines, which meets the argument made in the criticisms of M. Arnauné, Director of the French Mint; Prof. Bertrand Nogaro; and the more guarded and judicial analysis of M. Marcel Détéux: that the exchange system might be imperilled by an adverse balance of trade. It is only the supply of local currency on the margin of possible export demands which needs to be safeguarded. The substratum, which can never leave the country unless under the influence of an almost inconceivable economic cataclysm, is analogous in some respects to the "authorized" circulation of the Bank of England. It represents the irreducible minimum below which the local need for currency can never fall. If the supply on the margin of the international exchange movement is adequately guarded, then the whole system is secure. If it were conceivable that the demand for exchange would equal the whole amount of the local currency, or even the half of it, then it would be necessary to maintain exchange funds equal to the whole amount of token coins or the half of them in order to insure safety. But obviously this could never be the case.

This argument against the exchange standard is only a repetition of the dilemma sometimes presented by untrained minds in regard to bank notes: What would happen if all

the notes should be presented at one time for redemption? That question has been answered by banking experience; the question in regard to the gold exchange system has been and must be answered by experience in substantially the same manner. No country can be subjected to such stress as to consent to part with its entire monetary circulation, or even the half of it. On the contrary, every influence which tends to contract the circulation tends to create a condition which makes further contraction more difficult. Rates for the loan of money are affected, prices of imported goods are influenced, imports fall off and exports increase, and inevitably in the modern money market local equilibrium is restored, often with considerable strain, but none the less without pulling down the pillars of the financial temple.

The experience of last spring in India proves the adequacy of a reserve of fifteen or twenty per cent. of the circulation to maintain the steady parity of a token coinage. There is apparently no evidence that serious distrust of the rupee arose, even when the Government was hesitating as to just what steps should be taken to meet the demand for exchange. Even if such distrust had arisen, however, it could have expressed itself through financial channels only by the demand for drafts on London. These would not have been very valuable to the average local tradesman except as he was able to sell them back again to the banks for the very rupees which had aroused his distrust. In this respect the gold exchange standard may be said to put a brake upon the disposition to export currency from fear alone, when the exportation is not demanded by the balance of trade.

If any mistake was made in the management of the Indian currency, it was in the investment of too large a proportion of the gold standard reserve in securities. While investment in securities is naturally attractive because of the income earned, and while it is not subject to just criticism while kept within certain limits, the possession of actual gold to a considerable amount is highly desirable. It would not be necessary, perhaps, that such gold should be "earmarked." If the Indian Government had a large deposit account in such an institution as the Union of London and Smith's Bank, or the London City and Midland, it would possess for the purposes of the Indian Government the character of gold. Drafts against such a deposit could be sold without the discount or delay which might be required in disposing of securities. It seems highly desirable, therefore, in spite of the prudence with which the recent pressure was met, that at least thirty or forty per cent. of the gold standard reserve should in the future be kept either in "earmarked" gold or in the form of demand deposits.

In the case of the Philippine Islands the reserve is not "earmarked," but is at present entirely in the form of deposits with New York bankers. The problem in the Philippines is really child's play compared to that in British India. The entire circulation of the Philippine Islands is about 40,000,000 pesos (£4,000,000), against which a large reserve has accumulated as the result of the recoinage at a reduced rate, as well as by the profits on the original coinage. It is hardly conceivable that an emergency would

arise which would impair this reserve; but if this should occur, the scratch of a pen in Washington would remedy the situation. This would be accomplished by depositing gold or its equivalent in the exchange fund in New York to the credit of the war and navy, and placing an equivalent amount of local currency at the command of the military forces in the Philippines. Such a deposit would operate to increase the resources at the command of military disbursing officers in the islands without increasing the amount actually in circulation until the occasion arose to disburse it. The Panama currency has been steadily maintained at par by friendly interchanges of this sort, even with a very insignificant official exchange fund. No Governor of the Philippines, therefore, need have any fear of his ability to maintain the parity of the Philippine coinage.

Whether the exchange standard would stand the strain of a great war is yet to be subjected to practical test. It may be said, however, that its capacity to meet such a test would run upon all fours with the capacity of any monetary system which does not consist exclusively of gold coin. The experience of France in the war with Prussia seemed to justify the suspension of specie payments for the purpose of husbanding the national stock of gold. The history of the Spanish exchange, where the coins have followed the value of the bank notes instead of that of silver bullion, is another case in point. Both Russia and Japan, however, in the war of 1904-5, succeeded in maintaining complete convertibility of their bank notes. There is no reason why the gold exchange standard should not be successfully maintained so long as the country where it was established retained its national independence and pursued a sound financial policy. The issue of large amounts of debt would not in itself impair the stability of the standard, unless the Government, in order to obtain gold, ravished the exchange funds in financial centres. The questions involved would be substantially the same as those involved in maintaining the parity of bank notes or paper money: first, the disposition of the Government to maintain its credit; secondly, the resources which the Government was able to command. Without either good intentions or monetary resources, the monetary system, along with the fiscal system, would break down. It is not apparent, however, that a country operating upon the gold exchange system would find any greater difficulty in maintaining the system than the Bank of Japan had in maintaining the convertibility of its notes during the war with Russia.

If there were a disposition in time of war to transfer capital abroad by excessive demands upon the exchange funds, it could be counteracted in three ways. One would be the automatic influence of the deficiency of currency which would arise at home. Another would be the issue of loans abroad, from which exchange demands could be met. A third would be the deliberate elevation by a small percentage of the charge for exchange. This would amount to a slight depreciation in the currency, but if kept within prudent bounds it would probably permit the maintenance of an adequate circulation without disturbance to local prices and without even a theoretical depression below the

2 or 2½ per cent. which affected the notes of the Bank of France in the war of 1870.

The gold exchange system may indeed be said to be an extension of the banknote system to token coins. The token coin is, in effect, a metallic banknote, whose maintenance at gold par is subject to the rules of sound banking. Its advantages over the banknote in undeveloped countries are that it conforms to a strong prejudice in favor of "hard money," not subject to the vicissitudes of tropical climes, and that the output can be more safely regulated, where new coins are issued only for gold, than where a bank may increase its note issues to take over assets of speculative or doubtful character. In the advanced countries, with a highly organized credit system, gold, and gold alone, is the proper form of full legal tender coin; but in the less advanced countries of the Orient silver token coins have the advantage that they conform in size and denominations to the small scale of local transactions, that they are not so rapidly absorbed by hoarding, and that their very non-exportability enables the Government to keep in circulation a quantity of currency which might under a different system be drained away to richer countries, and leave the community denuded of an adequate medium for carrying on exchanges.—*The (London) Economic Journal*.

## THE FUTURE OF PHILIPPINE TRADE.

(From the New York Sun.)

WASHINGTON, August 22.—A number of New York business houses are reported as showing an active interest in the commercial opportunities now presented in the Philippine Islands. New conditions have arisen through the passage during the recent session of Congress of a measure entitled "An act to raise revenue for the Philippine Islands and for other purposes." Broadly, the bill gives free entry into the Philippines to actual American products shipped under specified conditions, while imposing duties on merchandise from other countries.

There is a striking difference in trade conditions in Porto Rico and the Philippines. Their total imports from all countries during recent years appear thus:

	Porto Rico.	Philippines.
1901 .....	\$8,918,136	\$30,279,406
1902 .....	13,209,610	32,141,842
1903 .....	14,449,286	32,971,882
1904 .....	13,169,029	33,220,761
1905 .....	16,536,259	30,876,350
1906 .....	21,827,665	25,799,266
1907 .....	29,267,172	28,785,855
1908 .....	25,825,665	30,918,357
1909 .....	26,544,326	.....

For commercial purposes the figures of the Bureau of Statistics are to be preferred to those of the War Department. They are obtained from invoices and manifests at

shipping ports and represent actual shipments. According to those figures our sales have taken a decided jump during the last three years. The returns stand thus as reported by the Bureau of Statistics:

### UNITED STATES EXPORTS TO THE PHILIPPINES.

1901 .....	\$4,014,180	1906 .....	\$5,458,867
1902 .....	5,251,867	1907 .....	8,657,956
1903 .....	4,028,677	1908 .....	11,455,707
1904 .....	4,831,860	1909 .....	11,182,175
1905 .....	6,198,384		

For the purpose of locating a part of this increase take the average sales of lines and articles for the years 1904, 1905, 1906, in comparison with the average of 1907, 1908 and 1909, thus:

### AVERAGE YEARLY EXPORTS TO THE PHILIPPINES.

Merchandise.	1904-5-6.	1907-8-9.
Agricultural implements.....	\$55,700	\$25,580
Breadstuffs .....	347,300	604,000
Cars, carriages, etc., including street and steam railways .....	99,000	185,660
Patent and proprietary medicines...	32,000	72,000
Baking powder .....	7,360	24,300
Cotton cloth .....	403,000	744,000
Cotton apparel and knit goods....	525,460	1,180,900
Fish .....	59,400	107,660
Electrical and scientific appliances, including telegraph and telephone..	143,000	218,400
Iron and steel, and manufactures thereof, including railway material and locomotives .....	976,000	2,661,300
Leather, shoes, harness, etc.....	300,000	614,000
Meat and dairy products .....	370,000	418,000
Mineral oils .....	476,000	912,000
Paper and manufactures of .....	122,870	183,900
Spirits, wines and malt liquors....	215,000	120,000
Furniture .....	46,000	46,000
Lumber and timber .....	368,700	220,000

This exhibit indicates in general our recent trade with the Philippines and its movement. There are numerous items of a considerable total value which suggest the requirements of American residents rather than those of Filipinos. There remains a large percentage of the total imports presumably under the new schedules more easily than heretofore to be captured by American trade seekers. The trade of the islands in manufactured cotton goods amounts to approximately \$8,000,000 a year. More of that should now be secured. A large share of that trade, not far from one-half of it, has gone to England. Japan is a keen competitor, with a small but growing trade. In the total trade of the last six or seven years this country has made important gains; England, Germany and China have about held their own, and France, Spain and Hong-kong have fallen behind.

There should now be a \$10,000,000 trade open to capture by New York merchants, and more than that in the future. How much of it will be captured will depend upon the energy and the intelligence applied to the campaign.

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